

by the Na

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

Paris, Friday, September 11, 1998

No. 35,933

HOUSE MAY RELEASE COUNSEL'S REPORT TODAY

Starr Said to Allege Series of Crimes and Abuses

By Brian Knowlton
International Herald Tribune

WASHINGTON — The report from the independent counsel Kenneth Starr sets out detailed evidence that prosecutors say will show that President Bill Clinton committed perjury, obstructed justice, tampered with witnesses and abused the power of his office, sources familiar with the report said Thursday.

Asked for comment, a White House spokesman, Joe Lockhart, referred to an earlier statement in which the president's private attorney, David Kendall, said that the Starr report "represents only the prosecutors' allegations." The White House struggled for a delay in the public release of the report as House leaders prepared to post much of it on the Internet as early as Friday.

Unnamed sources quoted by The Associated

Press said the 445-page document at the heart of Mr. Starr's submission specifically alleges that Mr. Clinton lied under oath in sworn testimony on Jan. 7 in the Paula Jones sexual harassment lawsuit and on Aug. 17, when he testified before the grand jury investigating his relationship with Monica Lewinsky, a former White House intern. The Washington Post described the sense of the report in similar terms.

Meanwhile, House leaders — unprepared Wednesday for the sudden arrival of the report in two matching sets of 18 boxes, one for Republicans and one for Democrats — said they expected the Rules Committee to send to the full House on Friday a motion to place the central portions of the document on the Internet.

That move would allow public examination of the potentially explosive materials. White House attorneys met with leaders of the House Ju-

diciary Committee to plead for a three-day delay while they examine the documents and prepare a public response. Democratic senators, who had met earlier with Mr. Clinton, supported the request and made clear that a refusal by Republican leaders would be viewed as unfair and partisan.

Mr. Clinton has acknowledged an "inappropriate" relationship with Ms. Lewinsky and undertaken in recent days to apologize and seek the forgiveness of his staff, members of Congress, and the public in a variety of forums. He has denied repeatedly, however, that he committed perjury, obstructed justice or asked anyone to lie.

The charges, if they are in fact contained in Mr. Starr's submission, would be serious ones under American law. Several members of Congress have said that such charges would meet the

constitutional standard of "high crimes and misdemeanors" required to begin an impeachment process.

Mr. Clinton himself has appeared increasingly combative and subdued as the breadth of the battle facing him has become clearer.

The evidence in the Starr report includes what the sources described as damaging descriptions of Mr. Clinton's contacts with two women at the center of the case: Ms. Lewinsky, the former White House intern, and Mr. Clinton's secretary, Betty Currie, The Associated Press reported.

A central focus of the report, according to The Washington Post, is whether Mr. Clinton sought to retrieve gifts he had given Ms. Lewinsky, perhaps by sending Mrs. Currie to her apartment, that were subpoenaed by Paula Jones's lawyers.

Another central point is whether Mr. Clinton tried to arrange a job for Ms. Lewinsky to induce

her to deny, in an affidavit for Mrs. Jones's lawyers, that she had had a sexual relationship with the president. Mrs. Currie might have had knowledge of such an attempt.

The report, according to The Associated Press, details what prosecutors believe was a pattern of lying by Mr. Clinton, as well as attempts to sustain those lies using government employees and resources.

The sources said these attempts include Mr. Clinton's approval of a false statement his press secretary released Jan. 21, after the Lewinsky story broke in The Washington Post, as well as the legal efforts he allowed aides to undertake to block access to key witnesses, including his top aides, Secret Service agents, and others.

The sources said that the report details efforts

See CLINTON, Page 6

Yeltsin Yields And Names Primakov to Head Cabinet

Quick Approval Is Seen For Acting Foreign Minister To Head the Government

By David Hoffman
Washington Post Service

MOSCOW — A weakened President Boris Yeltsin gave in Thursday to pressure from the opposition in Parliament and nominated the acting foreign minister, Yevgeni Primakov, to become prime minister.

This move seemingly resolved a severe political crisis but left unsettled how Russia would cope with its devastating economic decline in recent weeks.

Mr. Yeltsin appointed Mr. Primakov, 68, a diplomat and former spy master with close ties to the Arab world, after abandoning Viktor Chernomyrdin, who was twice rejected by the Duma, the lower house of Parliament.

Mr. Yeltsin's spokesman, Sergei Yastrzhembsky, said that Igor Ivanov, first deputy foreign minister, was likely to succeed Mr. Primakov in the Foreign Ministry.

The president made no public comment about his retreat from Mr. Chernomyrdin, who had served Mr. Yeltsin earlier as prime minister.

Mr. Primakov immediately drew broad support in the Duma, from the centrist leader Grigori Yavlinsky, the main liberal lead-

Primakov a scholarly pragmatist. Page 7.

er, and from the Communists. He is expected to win quick approval Friday in Parliament.

The appointment was a defeat for some of the wealthy Russian tycoons, spearheaded by Boris Berezovsky, who openly tried to install Mr. Chernomyrdin as prime minister. Mr. Yeltsin embraced Mr. Berezovsky's exact language in praising Mr. Chernomyrdin as his potential successor.

Mr. Berezovsky, in a brazen power play, suggested recently that Mr. Yeltsin should step down. But the gambit failed in the face of strong opposition in Parliament.

The appointment came nearly three weeks after Mr. Yeltsin fired Prime Minister Sergei Kiriyenko, leaving Russia politically rudderless as the economy appeared to spiral out of control.

Thursday, officials admitted that imports to Russia fell by nearly 45 percent in August because of the devaluation of the ruble, which went from 6.3 per dollar to nearly 20 earlier this week. The ruble strengthened to about 12 per dollar Thursday, but experts said it was only a respite.

Mr. Primakov has little experience in Russia's turbulent domestic economic battles, but early indications pointed toward a government with a more statist, inward-looking approach than the pro-Western, free-market advocates who have dominated policy in recent years.

In a speech in June, Mr. Primakov attributed Russia's economic ills to excessive capital flight, an overly heavy dependence on foreign capital, a warped and failed tax system and the decline in world oil prices coupled with Asia's troubles.

See RUSSIA, Page 7



President Clinton addressing a party fund-raiser, where he apologized for disappointing his supporters.

Markets Plunge Around World

Dow Falls Dramatically, Pulling Dollar Down, Too

Crisis Sweeps Over Brazil; Shares Post Record Fall

By Mitchell Martin
International Herald Tribune

NEW YORK — Concerns about the future of President Bill Clinton, combined with fears of deflation, chilled stock prices Thursday on Wall Street and across Western Europe, as the dollar weakened.

Major stock indexes in Europe dropped 3 percent to 7 percent, as the Dow Jones industrial average fell more than 300 points on Wall Street. By the close, the Dow had pared its losses to close down 249.48 points, or 3.17 percent, at 7,615.54, not far from the 7,539.07 at which it settled after its 512-point drop Monday last week.

The dollar fell broadly against European currencies, tumbling 3 pfennigs to a 15-month low against the Deutsche mark. Some of the decline may have resulted from speculation that the Federal Reserve Board would push down interest rates. (Page 16)

Investors stampeded into the perceived haven of government bonds. Despite the weakening currency, bond prices soared. The rising prices pushed the yield on the benchmark U.S. Treasury bond to 5.17 percent — the lowest level since the government began selling 30-year issues in the 1970s — from 5.27 percent on Wednesday.

The manic-depressive trading pattern of the past few weeks reflected investor opinions that wavered between the idea that the financial crisis that began last summer in Asia was about to set off a worldwide recession and the concept that equity stock prices have fallen so far since July that they are now at bargain levels. The Dow is about 18 percent below its record close of 9,337.97, set on July 17.

"I have not been able to find any real story behind this," said Alan Brown, chief investment officer of State Street Global Advisors. Mr. Brown, who is based in

RIO DE JANEIRO — The Brazilian stock market careened toward record losses Thursday, caving in under the pressure of the international financial crisis and the government's failure to make crucial reforms.

Shares also fell heavily in Argentina, Mexico and other Latin American markets, dragged down by sharp losses on Wall Street, where share prices were dented by President Bill Clinton's political troubles.

The Brazil market is being watched as a benchmark for other Latin American markets amid fears that the continent would be the next region struck by the waves of financial turmoil from Asia and Russia.

As the stock market fell more than 11 percent Thursday morning, the Sao Paulo Bovespa exchange halted trading for only the third time in its history.

When trading resumed, so did the sell-offs. In late trading, the index plunged nearly 15 percent, to 4,819.10 points, forcing the exchange to halt trading.

Standard & Poor's Corp., meanwhile, lowered its credit outlook Thursday on Brazil to negative. Brazil's foreign reserves would decline by \$3 billion to \$4 billion by the end of the day.

Emergency measures by the Brazilian government over the last week proved futile to end the slide in investor confidence and the hemorrhage of hard currency.

"The problem is no longer the stock market," said Andre Zylberberg, a fund manager at Paradigm Financial Advisers. "It's the fear of Brazilian investors who are running to buy dollars."

| The Dollar | | | |
|------------|-------------------|----------------|----------------|
| New York | Thursday @ 4 P.M. | previous close | |
| DM | 1.684 | 1.7212 | |
| Yen | 134.4 | 136.845 | |
| FF | 5.648 | 5.7705 | |
| Pound | 1.6803 | 1.688 | |
| The Dow | | | |
| | Thursday close | previous close | percent change |
| Dow | 7,615.54 | 7,865.02 | -3.17% |
| S&P 500 | 980.21 | 1,015.58 | -3.50% |
| Nasdaq | 1,585.58 | 1,645.58 | -3.65% |

putting it in the same category as Jordan, Lebanon, Paraguay and Bolivia. Investment analysts predicted that Brazil's foreign reserves would decline by \$3 billion to \$4 billion by the end of the day.

Emergency measures by the Brazilian government over the last week proved futile to end the slide in investor confidence and the hemorrhage of hard currency.

"The problem is no longer the stock market," said Andre Zylberberg, a fund manager at Paradigm Financial Advisers. "It's the fear of Brazilian investors who are running to buy dollars."

See MARKETS, Page 16

See BRAZIL, Page 19

Cambodian Outburst Of Democratic Spirit

Tens of thousands of people marched, paraded, cheered, wept and shouted slogans in Phnom Penh on Thursday, calling for freedom in a surprise explosion of weariness over political gridlock and repressed hopes. As a dispute continues over the outcome of elections six weeks ago, the people made their feelings clear. The police stood aside — briefly. Page 5.

AGENDA

| THE AMERICAS | Page 3 |
|--------------------------------------|--------------|
| Mexican Anti-Drug Unit in Trouble | |
| INTERNATIONAL | Page 10 |
| Iran Vows Decisive Action Against UN | |
| Books | Page 9 |
| Crossword | Page 22 |
| Opinion | Pages 8-9 |
| Sports | Pages 22-23 |
| The IHT on-line | www.ihon.com |

Taleban Denies Role In Iranians' Deaths

ISLAMABAD, Pakistan (AP) — Nine of 11 Iranian diplomats missing in Afghanistan for a month are dead, the ruling Taleban militia confirmed Thursday. But a spokesman denied its fighters were involved in the deaths. The Afghan ambassador to Pakistan quoted him as saying the bodies were found Wednesday in the mountains. Earlier article, Page 10.

Democrats Seek Delay So Clinton Can Reply

Party Leaders Accept President's Apology

WASHINGTON — Democratic leaders in Congress on Thursday accepted an apology from President Bill Clinton in the Monica Lewinsky scandal and strongly urged Republicans to give the president a chance to respond to the allegations from the independent counsel before the House of Representatives releases the Starr report.

There was no sign that the appeal would be heard, and Republicans in the House were rushing toward a vote Friday that would put the 445-page report — the core of the investigation — into the hands of the public and on the Internet by Friday afternoon.

"This is not getting off on the right start, in my view, if the person who is most directly affected and can provide us with his own account is denied the right to do so," said the Senate minority leader, Tom Daschle of South Dakota, after he and other senators met at the White House with the president.

"I think it would demonstrate an element of unfairness we're going to have to be very concerned about," he said.

The House Democratic leader, Richard Gephardt of Missouri, also said that fellow Democrats favored giving Mr. Clinton time to review the material and prepare a response before any of it was made public.

"There's a great desire for fairness," Mr. Gephardt said after a caucus of House Democrats. "There's a great desire to do this in the right way."

Several Democrats made the point that the House speaker, Newt Gingrich of Georgia, was allowed to review and respond to a detrimental ethics report on his conduct before it was made public. That case ended with Mr. Gingrich paying a \$300,000 penalty.

"The president's story needs to be heard, and we need to get the facts," Mr. Daschle said.

See UNFAIR, Page 6



Mr. Starr sent off the bombshell.

On Page 2

- Now the House begins a "traumatic journey" as it grapples with the evidence.
- Starr sought approval for sending report to Congress before hearing Clinton's testimony or even subpoenaing president.
- From the Watergate special prosecutor, the House got evidence but no analysis.

12 Satellites Lost in Crash

Rocket Failure Is Blow to Communications Plans

LONDON — A Ukrainian rocket carrying 12 communications satellites crashed on takeoff from the Baikonur space center in Kazakhstan on Thursday, dealing a major setback to the high-tech industry's race to construct multi-billion-dollar, satellite-based communications networks.

The satellites belonged to the U.S. company Globalstar Telecommunications Ltd., and the failure came one day after Globalstar's chief competitor, Iridium, announced a five-week delay in the start of its satellite-based mobile telephone service because of technical difficulties.

The developments highlighted the

daunting technological risks facing the new satellite services at the worst possible time.

The turmoil in world financial markets has made investors shun all but the most creditworthy borrowers, which could make it more difficult for satellite communications companies to raise the tens of billions of dollars they need to fulfill their plans in coming years.

"One has to hope for the sake of the satellite industry that we don't have too much bad news," said Tim Farrar, an analyst at the British telecommunications consultancy Analysys. "The whole satellite industry is riding on the success of the first systems. We need them to be a success."

See LORAL, Page 19

Japan Weighs Stiffer Posture

Fear Over North Korean Launch Prompts Call for Missile Shield

SEOUL — North Korea's decision to fire a missile over Japanese territory may have triggered enough anxiety and anger in Japan to bring about a significant escalation in that country's military posture, in the view of analysts here, in Tokyo and in Washington.

The Japanese, after years of debate and qualms about costs and the impact on the region, are considering two multibillion-dollar defensive options to ward off what they see as a rising threat from North Korea and elsewhere.

One is known as a Theater Missile Defense system, or TMD, and the other

is an intelligence satellite by which the Japanese could analyze photographs and data picked up from such foes as North Korea without having to rely on American cooperation.

"The alarm bells have gone off in Japan," said Patrick Cronin, director of research at the U.S. Institute of Peace in Washington. "The Japanese have felt again their sense of vulnerability. There will be greater support than there has been on missile defense."

The Japanese, under the TMD, would cooperate with the United States in setting up sites for weapons capable of shooting down missiles such as the Taepo

See MISSILE, Page 5

| Newsstand Prices | |
|---------------------------|--------------------------|
| Andorra.....10.00 FF | Lebanon.....11.300 |
| Antilles.....12.50 FF | Morocco.....16 Dh |
| Cameroon.....1.600 CFA | Qatar.....10.00 QR |
| France.....5.50 FF | Réunion.....12.50 FF |
| Egypt.....10.00 FF | Saudi Arabia.....10 SR |
| Gabon.....1.100 CFA | Senegal.....1.100 CFA |
| Italy.....2.800 Lire | Spain.....225 Ptas |
| Ivory Coast.....1.250 CFA | Tunisia.....1.250 Din |
| Jordan.....1.250 JD | U.A.E.....10.00 Dh |
| Kuwait.....700 Fils | U.S. M. (Eur).....\$1.20 |



The Starr Report/ 2 Vans at the Capitol Change the American Political Landscape

A 'Traumatic Journey' Is Begun in the House - Where Will It End?

By Ruth Marcus
Washington Post Service

WASHINGTON — For four years, the independent counsel Kenneth Starr has sifted microscopically through the assorted scandals of the Clinton administration. For eight months he has delved into the president's relationship with a White House intern.

On Wednesday, with barely a few minutes' warning, two vans from Mr. Starr's office arrived on the Capitol plaza and changed the American political landscape.

In one dramatic moment, the focal point of the Clinton investigation moved from the independent counsel to Congress, and the long-running inquiry into the president's actions became a prelude for possible impeachment.

Members of Congress knew the day would eventually come when Mr. Starr would present his evidence against President Bill Clinton, but — like the residents of a beach town aware that a hurricane was likely but did not know when it would arrive — they were fundamentally unprepared.

Only once before this century has Congress been forced to confront the agonizing question now thrust upon it: Do a president's actions

amount to a reason to remove him from office?

"No one looks forward to this traumatic journey that we're about to enter," said the House Judiciary Committee chairman, Henry Hyde, Republican of Illinois, who would preside over any impeachment proceedings.

Twenty-four years ago, in the impeachment inquiry that ended in President Richard Nixon's resignation, the country went through the wrenching process of removing a president and survived — something that, for better or worse, makes the prospect of another impeachment proceeding slightly less alarming.

But the allegations against Mr. Clinton, at least as they have emerged so far, raise constitutional questions even more complex than those Congress faced during the Nixon inquiry.

Although Mr. Nixon's defenders argued that he could not be impeached for actions that did not violate criminal law, Mr. Nixon's conduct indisputably concerned his official duties and the ways in which he used, or misused, the powers granted to him as president.

Members assessing Mr. Clinton's situation will be forced to define for themselves what the

proper boundaries are between a president's personal and public lives and whether Mr. Clinton's alleged behavior so tarnished his ability to perform his constitutional function that he must be removed.

Mr. Clinton's lawyer, David Kendall, declared Wednesday that whatever Mr. Starr's report contains, "there is no chance that assertion will end the matter."

Bernard Nussbaum, who served as a lawyer on the House Judiciary Committee during the Nixon impeachment and later as Mr. Clinton's first White House counsel, said the fact of Mr. Nixon's resignation makes the idea of Mr. Clinton's removal "less scary."

"It was done once before — a president was forced out of office, and so we created a precedent that makes it easier to do," he said.

"I think we've defined it down and it's become very dangerous now because if you can do this, it really starts changing our system. If you can do this, the president has brought the office into disrepute, that could apply to almost any president."

But others saw significant and ominous parallels for Mr. Clinton in the Nixon experience, pointing to the rapid erosion of public support for

Mr. Nixon as the country discovered that it had been lied to about his role in the Watergate cover-up.

"We all suffer from a certain schizophrenia in that, in one respect, we do blame Starr for having brought these sidebar matters to our attention," said William Van Alstyne, a constitutional scholar at Duke University. "But in the president's manner of handling them he has probably spent almost fatal capital and seriously compromised his ability to maintain credibility on any matter."

Mr. Van Alstyne said the "larger question of the inability of the president to maintain public credibility as he attempts to develop policy, to address Congress, to be convincing to the American people" was a legitimate issue.

A law professor at the College of William and Mary, Michael Gerhardt, author of a book on impeachment, said there were similarities and differences between the two presidents.

"The allegations against Nixon were at their core about his use of official power in abusive ways and ways that exceeded their proper scope," he said.

While the fact involving Mr. Clinton's actions are still emerging, he said, "it's not so much his

direct exercise of power that's at issue but his having done things that reflect on his trustworthiness. That is both the same and different than the Nixon case."

While the Nixon impeachment offers some guidance to members contemplating the different set of allegations against Mr. Clinton, no one can know where the constitutional journey that a reluctant Congress embarked on Wednesday will end.

In Mr. Clinton's impeachment by the House, trial by the Senate and eventual ouster?

In a limping finale to his second term in which he will manage to persuade Congress, at one stage or another, to allow him to remain but will find his presidency hobbled, by his relationship history irrevocably soiled, by his relationship with Monica Lewinsky?

The arrival of Mr. Starr's report "means that we have started a process," said Stephen Hess, a presidential scholar at Brookings Institution. "We don't know where it's going to end, and it's like getting on an escalator and we can't figure out how to get off."

But, he said, at the very least, Mr. Clinton "has destroyed his own presidency."

Starr Cleared Report's Path Before Clinton Had Testified

By Don Van Natta Jr.
New York Times Service

WASHINGTON — Quietly one day in July, Kenneth Starr, the White House independent counsel, filed a motion with a three-judge panel here seeking permission to send secret grand jury material to Congress.

At the top of the sealed motion was "In re: Madison Guaranty Savings & Loan Association," the Arkansas bank related to the failed Whitewater land deal that was Mr. Starr's first investigative mission more than four years ago.

But his July 2 motion sought permission to give the House of Representatives grand jury testimony and other evidence of another investigation, the one into President Bill Clinton's liaison with Monica Lewinsky and allegations that he had attempted to cover it up.

Five days later, the judges granted Mr. Starr's office the authority to turn over that material to the House, which the independent counsel elected to do Wednesday in dramatic fashion when his lawyers dropped 36 boxes of evidence on Congress's doorstep with only 15 minutes' warning.

Several lawyers who know Mr. Starr said Wednesday that they were extremely surprised that he sought the judges' permission two weeks before subpoenaing the president and six weeks before Mr. Clinton testified before the grand jury. The motion makes clear that Mr. Starr was planning an impeachment report even before grand jurors heard Mr. Clinton. But the lawyers said that they were not surprised that Mr. Starr had sought the judges' permission, even though there is no provision in the Ethics in Government Act of 1978 that mandates such a motion.

But a rule of Federal Criminal Procedure, 6 (e), requires prosecutors to keep all matters occurring before a grand jury confidential.

"It would be just like Ken to get a



Newt Gingrich briefing his press secretary, Christina Martin, after a closed meeting Thursday of House Republicans to discuss the report.

clarification from a court on this point," said Barbara Olson, a Washington lawyer who has been one of Mr. Starr's most visible and outspoken defenders. "He didn't necessarily need the permission, but he got it anyway. He's that meticulous and careful."

So meticulous, in fact, that he has not dismissed the grand jury impaneling in January to investigate the Lewinsky matter. And a spokesman for Mr. Starr said the criminal inquiry would continue.

Members of Congress were clearly surprised by the timing of the report. One possible explanation for the earlier than anticipated delivery was that Mr. Starr wanted to forestall a legal challenge by David Kendall, the president's lawyer, who asked Mr. Starr on Monday for an advance copy of the report.

After the report's delivery, several allies of Mr. Clinton's said that Mr. Kendall had been planning a legal challenge, which could have delayed delivery of a report for days or even weeks, and that Mr. Starr might have wanted to

head off such a challenge.

Several lawyers close to the independent counsel's office said it was clear that Mr. Starr had decided to go directly by the letter of the 1978 Ethics in Government Act, which established the position of independent counsel. That law says nothing about an advance-warning phone call to the speaker of the House.

"The independent counsel statute itself specifically provides that independent counsel shall advise the House of Representatives — House of Representatives — if we receive substantial and credible information of impeachable offenses," Charles Bakaly, the spokesman for Mr. Starr's office, said.

That communication came in the form of a letter from Mr. Starr to the speaker, Newt Gingrich, and the minority leader, Richard Gephardt. But even the letter said nothing about the boxes' contents, which were immediately placed in a locked vault in an office building several blocks from the Capitol.

2 Prosecutors, Separate Policies

House Got Evidence but No Analysis From Jaworski on Watergate

By David E. Rosenbaum
New York Times Service

WASHINGTON — Twenty-four years ago, the Watergate special prosecutor, Leon Jaworski, gave Congress only raw evidence, not the kind of analysis that lawmakers expect from the report that the Whitewater independent counsel, Kenneth Starr, delivered this week.

The material Jaworski supplied about President Richard Nixon is still under seal at the National Archives, although much of it has been published in other forms.

By contrast, Newt Gingrich, House speaker, said Wednesday that most of the evidence about President Bill Clinton would be made public quickly.

Dick Gephardt, House minority leader, said at a joint news conference with Mr. Gingrich on Wednesday that it was important for the Watergate process to be followed.

Mr. Gephardt did not mention specific procedures. But times have changed, circumstances are different and lawmakers may decide that many of the Watergate precedents should not apply to the Clinton inquiry.

In addition to the nature and handling of the prosecutor's report, these are some of the precedents to consider:

• In the 1974 impeachment proceedings, the House Judiciary Committee heard all testimony in private sessions. Mr. Nixon's lawyer, James St. Clair, was permitted to cross-examine the witnesses.

• Mr. St. Clair was on the government payroll as a White House employee. Mr. Nixon did not have a private lawyer or need a legal defense fund.

• Only a few senior members of the Judiciary Committee and the committee's top lawyers were allowed to see Mr. Jaworski's documentary evidence.

The Judiciary Committee's inquiry took seven months. Finally, on July 27, 29 and 30, 1974, the committee approved three articles of impeachment. On the crucial first article, charging Mr. Nixon with obstruction of justice, the vote was 27 to 11. All 21 Democrats on the panel and six of the 17 Republicans voted for impeachment. Mr. Nixon resigned Aug. 9.

A big difference between 1974 and 1998 is that Congress now has a much sharper partisan edge.

During the Nixon inquiry, about 10 conservative Southern Democrats and moderate Republicans — including William Cohen, then a freshman Republican congressman from Maine and now the secretary of defense — held the balance of power on the Judiciary Committee. All eventually voted for impeachment.

Francis O'Brien, who was a top adviser to Representative Peter Rodino, Democrat of New Jersey, the chairman of the committee in 1974, said Wednesday that "Rodino felt from Day One that this middle group was central, that

only this group could convince the people of the committee's fairness."

There are fewer such independent voices in Congress now. And an analysis this week by Congressional Quarterly, a nonpartisan magazine about Congress, concluded that the Judiciary Committee was "one of the most politically polarized panels in Congress."

What Mr. Jaworski gave the Judiciary Committee in 1974 was a briefcase stuffed with 800 pages of documents and 13 tape recordings of Mr. Nixon's conversations in the Oval Office.

The documents are now in a file at the National Archives and cannot be made public because they contain grand jury material that must remain secret unless released in a court order, said David Paynter, the archivist in charge of the records.

Mr. Starr was appointed under the

independent counsel law, first enacted in 1978 and renewed in 1994.

In the Nixon inquiry, the Judiciary Committee staff took depositions from dozens of witnesses. Many of those witnesses were then questioned in closed sessions by committee members and by the president's lawyer.

One reason that public hearings were not then considered necessary was that the important witnesses such as John Dean, John Mitchell, H.R. Haldeman and John Ehrlichman had all testified publicly, on television, before the Senate Watergate Committee the year before.

The difference now, a staff assistant said, is that the public has never had the chance to view and weigh testimony from witnesses. So, the staff member speculated, the Judiciary Committee might consider public testimony essential.

For the Vice President, 'Business as Usual'

International Herald Tribune

WASHINGTON — A spokesman for Vice President Al Gore said Thursday that it was "business as usual for us," even as Congress prepared to decide on the possible impeachment of

President Bill Clinton. "We're going ahead with our schedule as planned," said Chris Lehane, a spokesman for Mr. Gore. The vice president had no immediate intention of commenting on the Starr report, he said.

Sitting in Judgment

Representative Henry J. Hyde, chairman of the House Judiciary Committee that will review Kenneth Starr's report. The Illinois Republican has said that retaining Congress's credibility in handling the report is his top priority. He issued stern advice to members of his committee already clamoring for Mr. Clinton's removal: "Keep your eyes open and your mouth shut." Below, other key members of the committee:

John Conyers
D MichiganBill McCollum
R FloridaBarney Frank
D MassachusettsCharles Canady
R FloridaHoward Berman
D California

The highest-ranking Democrat on the committee is also the only member of the panel to have served on it during Watergate.

Conyers, 69, is one of the founders of the Black Caucus and was chairman of the House Reform and Oversight Committee for six years.

In recent interviews, McCollum, 54, said that a perjury charge against Mr. Clinton stemming from his testimony in the Paula Jones case would constitute an impeachable offense. He is expected to take a leading role in any impeachment proceedings.

One of the House's best debaters, Frank has been tapped by senior Democrats to deliver rapid-fire rebuttals to Republican questioners on the Judiciary Committee. It is a role he has filled often since the Republican takeover of the House in 1994.

Canady will play a key role in guiding any impeachment inquiry past constitutional guideposts. He has sometimes challenged such debaters as Frank during partisan hearings.

Canady, 44, has served three terms representing citrus-growing central Florida.

The eight-term congressman is expected to play a key intermediary role between committee Democrats and Hyde. Close friends with the chairman, Berman, 57, is also the ranking Democrat on the House ethics committee.

Source: AP
International Herald Tribune

POLITICAL NOTES

High Court to Hear Census Case

WASHINGTON — The Supreme Court agreed Thursday to decide whether the Clinton administration can use statistical sampling for the 2000 census.

The justices will hear arguments in the case on Nov. 30, a fast track that probably will lead to a decision by March. The administration is seeking to overturn a three-judge federal panel's invalidation of the Census Bureau's planned use of a sampling method designed to correct undercounting of minorities. Billions of dollars in federal funds are allocated on the basis of how many people live in each state and city, and shifts in population can lead to the redrawing of House districts.

Mr. Clinton has insisted that the surplus be set aside until Congress and the administration have agreed on a plan to shore up the ailing Social Security system. (NYT)

Republican Admits an Affair

BOISE, Idaho — Representative Helen Chenoweth, Republican of Idaho, who campaigned on family values and first won office after the disclosure of her opponent's illicit affair, has admitted to having had a long-term affair with a married man in the 1980s.

The Idaho Statesman quoted the lawmaker as saying she regretted her six-year affair but found her situation markedly different from that of the president. (AP)

President Challenged on Taxes

WASHINGTON — House Republican leaders challenged the heart of President Bill Clinton's domestic policy strategy, saying they would press for a tax cut worth up to \$80 billion over five years and pay for it by dipping into projected federal budget surpluses.

Quote/Unquote

Newt Gingrich, the House speaker, rejecting personal attacks on the president: "The freedom of speech in debate in the House of Representatives should never be denied or abridged. But freedom of speech in debate does not mean license to indulge in personal abuses or ridicule." (AP)

TRAVEL UPDATE

Swiss Airline Lifts Off

GENEVA (AP) — After months of bureaucratic and financial delays, the first scheduled flight to the United States operated by the Geneva-based Swiss World Airways took off from the city's airport Thursday.

The firm's only aircraft, a Boeing 767 ER, took off for Newark, New Jersey, carrying almost 150 passengers and 14 crew members, the company said.

The company plans six return flights a week. Swiss World Airways was founded in 1996 following a decision by the national flag carrier, Swissair, to cut costs by transferring most of its long-haul flights to Zurich's Kloten Airport.

Industry trend toward offering an enhanced business class. Katie Mousouris, a Delta spokeswoman in Atlanta, said one of the key elements was a new seat designed for the airline.

The first flight under the new service, she said, would be Dec. 1. The full service is scheduled for the summer.

Doctors in Greece are to begin multiple strikes against a government plan to scrap a rotating emergency room duty system at hospitals. Unions plan a five-day strike at public hospitals starting Friday, with doctors in Athens starting a three-day walk-out on Monday. (AP)

Sabena, the Belgian airline, resumed its flights Thursday to Kinshasa after it received safety guarantees from authorities in capital of the Democratic Republic of Congo. Sabena canceled flights on Aug. 14. (AP)

Nepal has installed the first radar system at Katmandu Airport. The airport is known for its treacherous landings. The airport is 4,200 feet above sea level and is located in a valley. (AP)

Corrections

An article Wednesday about testimony before the Truth and Reconciliation Commission in South Africa referred incorrectly to the day's sole witness. While the witness, Johan Coetzee, a former senior police official, told of having taken part in plotting a bombing, he has not confessed to any killings or been charged with any.

An article Monday misstated the number of "grand coalitions" of the leading parties that have governed Germany since World War II. The number is one (1966-69).

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.

| Europe | Today | Low | High | Tomorrow | Low | High |
|---------------|-------|-------|-------|----------|-------|------|
| Algeria | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Amman | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Antwerp | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Athens | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Bahia | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Bangkok | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Batavia | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Bombay | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Buenos Aires | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Calcutta | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Canton | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Cebu | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Colon | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Hankow | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Hong Kong | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Kobe | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| London | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Lyons | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Manila | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Medan | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Osaka | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Peking | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Rangoon | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| San Francisco | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Shanghai | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Singapore | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Sourabaya | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Tientsin | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |
| Yokohama | 26/70 | 17/62 | 27/80 | 18/63 | 28/81 | |



| | | | | | |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| Storm | Storm | Storm | Storm | Storm | Storm |

North America

Warm with some sun in the Northeast Saturday to Sunday, but a few thunderstorms could appear. Dry and hot in the southern and central Plains through Sunday, but strong thunderstorms are likely Monday. Scolding rain over the Gulf Coast Saturday will spread inland across Texas Sunday.

Europe

Windy and cool in Paris and London over the weekend with periods of rain; some sunshine and a little milder Monday. Unseasonably cold from Iceland to northern Scotland. Snow is a possibility in Iceland, and even in higher elevations of Scotland. Sunny, dry and very warm in Moscow.

Asia

Sunny and warm in Bangkok Saturday; a front will showers Sunday; dry, cooler Monday. Sunny and warm in Tokyo Sunday, but a few showers and thunderstorms are likely Monday. Scolding rain is in store for southeast China, but dry hot in northern India and southwestern China.

THE AMERICAS

Cloud Over Mexican Anti-Drug Force

By Douglas Farah
and Molly Moore
Washington Post Service

Two years ago, U.S. and Mexican officials, frustrated by corruption in Mexican law-enforcement agencies, called on the Mexican Army to take the lead in fighting the drug war. Forming the backbone of the effort were new, screened units trained by the U.S. Special Forces and given helicopters for mobility.

But now the program is facing the same evil it was formed to combat. About 80 members of the elite units

have been under investigation in recent weeks amid allegations that some of them took hundreds of thousands of dollars in bribes to sneak cocaine-filled suitcases and illegal immigrants through the Mexico City airport on their way to the United States.

Nine of these Mexican soldiers have been jailed on formal charges and five more have been detained. On Sunday, civilian authorities removed 40 of the troops trained under the Special Forces program from their assignments at the airport as a result of the corruption investigation.

The Mexican units, whose leaders were given Special Forces training at Fort Bragg, North Carolina, are called Airmobile Special Forces and are widely known by their Spanish acronym GAFE.

The United States pays \$28 million a year for the program, and 252 Mexican officers were trained in its first 18 months, with another 156 officers scheduled for training by the end of fiscal 1998, according to the Pentagon.

The U.S.-trained officers then train other groups in Mexico, and by now there are supposed to be 42 units of 100 soldiers each stationed around the country.

Candidates for the elite units are vetted by Mexican and U.S. officials. Those sent for training in the United States have their names checked against databases of suspected drug traffickers kept by the Drug Enforcement Administration, the Central Intelligence Agency and the Defense Intelligence Agency. They also receive higher salaries than troops outside the units to make bribes less tempting.

The elite troops who worked at the Mexico City airport were trained by Mexican trainers, not directly by U.S. Special Forces. But U.S. officials said the indications of possible graft were a blow to their efforts to establish several corps of incorruptible drug fighters on both sides of the border.

"After a while you wonder what the hell you are doing there," said a law-enforcement official. "There is no one there we can trust completely. This was supposed to be the group we could trust and work with."

Said a Mexican official: "They are supposed to be the door-kickers and have the capacity to go after the drug traffickers and offer the best support available. It is a matter of concern to us they reportedly were loaned out to other agencies, and we are investigating why that is."

Law-enforcement operations at Mexico City's Benito Juarez International Airport were taken over by an elite unit in April 1997.

Within the last five months, nearly 20 of the approximately 80 officers and



GIVING A HAND — Neighbors helping each other evacuate after rains caused the Guatan River to overflow in southern Mexico. More than 20 people in the region have died and thousands have been forced out of homes.

troops assigned there have been arrested on charges of protecting drug shipments, assisting illegal immigrants and shepherding electronics and other high-duty imports past customs agents, according to Mexican investigators.

The most recent case, in which 14 soldiers were detained on Aug. 9, involved members of the anti-drug unit who protected suitcases each containing cocaine that arrived on a flight from Bogota every Tuesday for the past six months.

Military officials reportedly were paid \$2,500 for each suitcase delivery, the investigator said.

Away From Politics

• The Los Angeles City Council has eliminated outdoor advertising for alcohol and tobacco within 1,000 feet of schools, parks and residential areas — or from about 98 percent of all city billboards. (NYP)

• Despite generally higher poverty rates, children in immigrant families tend to be healthier than those of U.S.-born parents. But as they assimilate, gradually adopting the lifestyle of poor Americans, the health of these children deteriorates, a expert panel reported. (WFP)

• Delbert Teague, 37, who killed a man during a 1985 robbery and kidnapping, was executed by lethal injection in Huntsville, Texas. (Reuters)

• Alzheimer's disease costs U.S. businesses more than \$33 billion a year in lost productivity and absenteeism, researchers in Washington said. Costs will soar higher as the baby-boom generation ages and workers take time off to care for relatives who develop the disease. (Reuters)

Affirmative Action Succeeds at the Top

By Ethan Bronner
New York Times Service

NEW YORK — A major study of the records and experiences of tens of thousands of students over 20 years at some of the top colleges and universities in America concludes that affirmative action policies at those institutions created the backbone of the black middle class and taught white classmates the value of integration.

The study, which challenges much of the conservative thinking about affirmative action, was released by Princeton University Press in a book titled "The Shape of the River: Long-Term Consequences of Considering Race in College and University Admissions." It was written by two former Ivy League presidents, William Bowen of Princeton University, an economist, and Derek Bok of Harvard University, a political scientist.

Examining grades, test scores, choice of major, graduation rates, careers and attitudes of 45,000 students at 28 of the most selective schools, the authors say that although they are both advocates of race-conscious admissions policies, they wanted to test the assumptions underlying them. They say the study should put to rest major objections to such policies, especially that both whites and blacks are ultimately cheated by them.

The study limits itself to the practice of race-conscious admissions in elite higher education, where race would be a critical factor equivalent to, say, an applicant's region of origin or extracurricular activities.

The study begins by documenting the problem clearly: Blacks who enter elite institutions do so with lower test scores and grades than those of whites. And as they work their way through liberal arts colleges like Yale and Princeton and state schools like the universities of Michigan and North Carolina, black students receive lower grades and graduate at a lower rate.

But after graduation, the survey found, these students achieve notable success. They earn advanced degrees at rates identical to those of their white classmates. They are even slightly more likely than whites from the same institutions to obtain professional degrees in law, business and medicine. And they become more active than their white classmates in civic and community activities.

The authors call black graduates of elite institutions "the backbone of the emergent black middle class" and say that their influence extends well beyond the workplace. "They can serve as strong threads in a fabric that binds their own community together and binds those communities into the larger social fabric as well."

One of the most striking findings is how useful elite college education can be for all races. Black graduates of elite colleges earn 70 percent to 85 percent more than other black graduates.

AMERICAN TOPICS

Students Swamp Public Universities

So many freshmen showed up last month at the University of Maryland at College Park — hundreds more than expected — that dozens were sent to spend the semester at the local Quality Inn. At the University of Delaware in Newark, overflow freshmen were placed in luxury apartments.

At other public universities, a sudden surge in freshman enrollment has forced underprepared administrators to scramble to find beds, instructors and classrooms.

Students are opting for public schools in unexpected numbers, administrators say, because the big state universities are marketing themselves more effectively, and parents are more worried about penny-pinching, and expensive private institutions have reached the limit in terms of the financial aid they can offer.

Some private schools are also seeing a rise in the percentage of freshmen who accepted admission this year. Harvard University reported that 80 percent of applicants who were offered admission this year accepted, the highest rate in 20 years. Across the nation, the number of high school graduates began to grow in 1995, after a long decline, and is expected to keep heading upward until 2008.

Short Takes

The schools appear to have their work cut out for them: A new survey finds that American teenagers are much better versed in television trivia than in U.S. history or government. Thus, the poll by the National Constitution Center found, 74 percent of teenagers knew that Al Gore is vice president, while 90 percent knew Leonardo DiCaprio was the male star in the movie "Titanic." Three times as many (75 percent) knew which city has the ZIP code 90210 (Beverly Hills, California) as knew where the U.S. Constitution was written (Philadelphia). And, by 59 percent to 41 percent, more could name the Three Stooges than the three branches of government.

Disneyland has long prohibited its employees from wearing their work costumes outside the California compound. But that rule was relaxed last month when construction at the park and long checkout lines at the wardrobe department were delaying workers. The park will not object now if a "pirate" or a "witch" stops off to pick up children or buy gas. It is counting on employees to exercise discretion, however. "If you have a Disney-clad employee going to 7-Eleven for a six-pack of beer," said Dan Head, a 12-year employee, "it deflates the value of the Disney image."

Speaking of image, the Safeway supermarket chain believed that its own could be friendlier if it ordered employees to smile and make eye contact with shoppers. But now 12 Safeway employees have filed grievances, saying they are being propositioned by shoppers who mistake the mandated politeness for flirtation. One produce clerk, Michelle Roberts, said she is propositioned every day by men who think she is being forward. Safeway acknowledges that "sometimes customers get out of line," but does not believe its policy is to blame. So far no employee has been fired for insufficient friendliness, but 100 workers have been sent to daylong classes for instruction, presumably, on how to smile.

Brian Knowlton



Hotel Inter-Continental, Paris

Insight into a city takes
decades to acquire and just
a moment to share.

One World. One Hotel.
Uniquely Inter-Continental.



INTER-CONTINENTAL
HOTELS AND RESORTS

www.interconti.com

EUROPE
AMSTERDAM
ASTANA
ATHENS
BARCELONA
BERGAMO
BERLIN
BRATISLAVA
BRUSSELS
BUCHAREST
CHAMBERS
CANNES
CARLOW
EDINBURGH
FRANKFURT
GENOVA
HAMBURG
HANNOVER
HILSINKI
ISTANBUL
KIEV
LJUBLJANA
LONDON
LUXEMBOURG
MADRID
MALTA
MONTREUX
MOSCOW
MUNICH
NAPLES
PARIS
PRAGUE
ROME
STUTTGART
TAMPERE
VIENNA
WARSAW
ZURICH
AMERICAS
BOGOTA
BUENOS AIRES
CAIRO
CARACAS
CHICAGO
CIUDAD GUAYAMA
COZUMEL
DALLAS
GUADALAJARA
HONOLULU
LOS ANGELES
LOS CABOS
MANAGUA
MARACAYBO
MEDELLIN
MEXICO CITY
MIAMI
MONTREAL
NEW ORLEANS
NEW YORK
PANAMA CITY
PUERTO VALLARTA
RIO DE JANEIRO
RIONEGRO
SAN FRANCISCO
SAN JOSE
SAN PEDRO DE LA
SAN SALVADOR
SANTO DOMINGO
SAO PAULO
TORONTO
VALPARAISO
WASHINGTON, D.C.
ASIA/PACIFIC
BAKU
BANGKOK
BIRMINGHAM
CHENGDU
COLONIA
JAKARTA
MANILA
NEW DELHI
PHNOM PENH
SEOUL
SHENZHEN
SINGAPORE
SYDNEY
TAIPEI
TOKYO
YOKOHAMA
MIDDLE EAST
ABU DHABI
AL AIN
AL JUBAIL
AMMAN
BAHRAIN
BEIRUT
CAIRO
DUBAI
HURGHADA
JEDDAH
MADRID
MAKKAH
MUSCAT
PETRA
RIYADH
TAIF
TEL AVIV
AFRICA
ABIDJAN
CAPE TOWN
DURBAN
FRANCISTOWN
JOHANNESBURG
KINSHASA
KRUGER NATIONAL PARK
LUSAKA
NAIROBI
VICTORIA FALLS
TROPICAL ISLANDS

ASIA/PACIFIC

Throngs in Cambodia Cheer for Democracy

By Seth Mydans
New York Times Service

PHNOM PENH — In an extraordinary and largely spontaneous outpouring that took this battered city by surprise, thousands of people surged through the streets Thursday, clapping, cheering and chanting, over and over again, "Hooray for peace!"

Residents and shopkeepers packed sidewalks and balconies for miles, some clapping, some weeping, some ripping off their shirts and waving them over their heads.

For more than two hours, there were no police officers or soldiers to be seen; the streets belonged to the people.

More than any election result, this brief moment of hope and joy amid the violence and hatred of the past few days seemed a clear signal of the will of the people.

"It was amazing; it was a show of people power that may well send a message to government leaders that change is needed," said Leo Dobbs, an analyst for the International Crisis Group.

Six weeks after the still-disputed Parliament election, this was a march with no political leaders or slogans; only people shouting, "We want peace!" and "Democracy in Cambodia!"

The crowds seemed unanimous in their sentiment: that the country's strongman, Hun Sen, must go, despite his own government's declaration that he had won the election.

What had started as a modest parade by students and monks swelled to perhaps 10,000 people, including doctors, civil servants, out-of-uniform police officers and entire families squeezed onto small motorbikes.

Many waved green branches above their heads as makeshift standards symbolizing peace.

"Nobody organized this demonstration; this demonstration came from our heart," said Pen Chan, a student, raising his voice above the rhythmic clapping.

"We want democracy and, I can tell you directly, we do not want this government any more," he said. "I would like to tell you that people have suffered for a long time already. Now we cannot keep it inside our heart any more."

As evening approached, the men who rule Cambodia staged a reminder that they are still in charge.

In a show of force, several truckloads of riot police, a line of red fire trucks and a roaring convoy of black-clad motorcycle police with automatic weapons barreled through the streets, scattering the marchers.

Here and there, the riot policemen

stopped, jumped from their trucks, beat up a few people, then sped away.

But as evening fell, most of these security forces had disappeared.

Several hundred people remained in the dark on the steps of the Independence Monument, a central landmark, dancing, clapping and chanting.

Vans of riot policemen drove by, their lights flashing, and people along the roadways cheered.

But there was still menace in the air. Shots could be heard here and there in the night and the crowds were filled with rumors of killings.

The day had started violently, like the past two days, with riot police attacking demonstrators near the U.S. Embassy, clubbing them and firing their weapons.

Apart from the mass killings by the Communist Khmer Rouge from 1975 to 1979, these are the first attacks on Buddhist clergy since 1942, when the French colonial administration was faced with protests.

The country's turmoil grows out of an election, held July 26, in which Mr. Hun Sen's party won a majority of seats. His two rivals, Norodom Ranariddh and Sam Rainsy, say the voting and counting were marred by irregularities and are demanding a review of the results.



Cambodian children getting a ride Thursday as they joined the tens of thousands of people demonstrating for political peace in Phnom Penh.

MISSILE: North Korean Launch Prompts Talk of Stronger Japan

Continued from Page 1

Dong 1 that North Korea fired 1,380 kilometers (850 miles) across Japan into the Pacific Ocean on Aug. 31.

Analysts noted, however, that TMD, an outgrowth of the old Strategic Defense Initiative proposed by President Ronald Reagan in 1983, had been in the talking stage between Washington and Tokyo for five years. If plans were to proceed, it would still not become operational for at least five more years, at a cost of about \$20 billion.

In the meantime, in response to public demand for a vastly improved advance warning system, the Japanese may go ahead with a spy satellite similar to that deployed by the United States.

Prime Minister Keizo Obuchi of Japan said Thursday that he had ordered officials to study the possibility of "launching our own satellite."

Underlying Japan's decision to plunge into such a project — which, if approved, may cost \$2 billion — was deep embarrassment over the case with which North Korea violated Japanese airspace. North Korea's assertion that it

did not test a missile but lofted a satellite into orbit — an assertion so far unverified by the United States — has hardly dimmed the fury.

Most disappointing to the Japanese was the failure of the United States to provide advance intelligence on North Korean designs. Although U.S. satellites for years have photographed the facility from which the missile or rocket was launched — Taepo Dong, on the northeast coast of North Korea — the Japanese say the Americans did not adequately present the threat to Japan.

"Japanese think the United States wants to monopolize satellite information so it will be easy to manipulate Japan," said Toshimitsu Shigenura, Northeast Asian expert at the Mainichi Shimbun, a major Japanese daily.

American officials respond that the United States shares intelligence with Japan in accordance with the U.S.-Japan security treaty, under which the United States keeps 47,000 troops on Japanese soil. If anything, some analysts say, anger over the North Korean missile firing may deflect pressure for the removal of U.S. bases in Japan.

"It's not so much the military wanting to escalate but right-wing, conservative groups," Mr. Shigenura said. "The right wing propose that we should have a military satellite or TMD or both."

The furor in Japan may ultimately bring about a major increase in spending for a military establishment that includes only about 240,000 troops in all services. The defense budget this year is 4.93 trillion yen, about \$36 billion and about 1 percent of gross national product, for years the standard for military spending.

Any move by Japan to increase that spending could shift the regional military balance and raise tensions not only between Japan and North Korea but also between Japan and China.

"The military balance is very delicate," said Koh II Dung, researcher at the Korea Development Institute, a think tank. "Each country wants to maintain the status quo. China is very concerned about Japanese rearmament."

If the Japanese worked with the United States to build a TMD system, Mr. Koh said, every country in the region would ask, "How do you separate defense from an offensive system?"

U.S. Sending More Food to North Korea

By David E. Sanger
New York Times Service

WASHINGTON — The United States agreed quietly last weekend to send an unusually large shipment of emergency food aid to North Korea, despite the North's recent launching of a medium-range missile that flew over Japan, according to officials who have been briefed on the talks.

The agreement to provide additional aid, which has angered Japan, comes amid growing indications that North Korea was trying to put a satellite in orbit, as it insists, when it launched the missile.

So far, the U.S. Space Command, which tracks objects in space, has said it cannot find evidence of a satellite. But if the launching amounted to a failed effort to propel a small satellite into space — which one official said "is the most likely scenario now" — it would mean that the initial description of the firing as a clearly hostile act was partially incorrect.

Washington's decision to provide about 300,000 tons of wheat and other grains will probably be announced next week, officials said.

The State Department declined to comment, but other officials said the announcement was being delayed to put some distance between the missile launching and an American step to keep the North Koreans talking about curbing their nuclear programs.

Japan sharply protested the launching of the missile and immediately said it was reviewing aid to the North.

Japanese officials have made no effort to hide their chagrin at the U.S. decision to go ahead with food aid, arguing that it rewards North Korea for bad behavior.

But American officials say the Clinton administration is loath to become involved in another confrontation with North Korea when the executive branch is distracted by the Monica Lewinsky scandal and economic instability around the globe.

The State Department, meanwhile, is interested in keeping North Korea at the negotiating table because of fear that the Communist government may be looking for a way to break out of the 1994 accord containing its nuclear weapons ability.

In the negotiations last week in New York, North Korean officials reportedly agreed to resume a four-year-old process of "canning" nuclear waste at its suspected nuclear-weapons plant in Yongbyon, north of Pyongyang.

BRIEFLY

Students in Jakarta Hold Their Ground

JAKARTA — Indonesian students marched their way to within a few hundred yards of the Presidential Palace on Wednesday, reminding President B.J. Habibie of their determination to do away with his administration.

Hundreds of students, ringed by nearly twice as many soldiers, staged a noisy but peaceful demonstration for a third straight day.

No injuries or arrests were reported, and the heavily armed soldiers remained calm, in contrast to events the previous day in the East Java city of Surabaya, where troops fired into the air to disperse thousands of students attempting to block the motorcade of Mr. Habibie. (NYT)

Kashmir Soldiers Kill 3 Pakistanis

SRINAGAR, India — Soldiers killed three Pakistanis who slipped across the border to join a Muslim insurrection in Indian-held Kashmir, the army said Thursday.

India repeatedly accuses the Pakistani government of fomenting violence in the only Muslim-majority state in this predominantly Hindu country, which has been aflame in secessionist violence since 1989.

Islamic Pakistan said it gives only moral support to anti-Indian militants in Kashmir. (AP)

Respite for Deputy Ousted in Malaysia

KUALA LUMPUR — The ousted deputy prime minister, Anwar Ibrahim, appears safe from arrest at least until foreign journalists leave town after the Commonwealth Games, a sporting event that runs through Sept. 21.

Mr. Anwar, who has been holed up for a week at his home in a Kuala Lumpur suburb, is under police investigation, in allegations ranging from bisexual misconduct to treason, and the police have said he could be arrested at any time. But Prime Minister Mahathir bin Muhammad acknowledged Thursday the foreign media would use the arrest to paint the Southeast Asian country as "repressive." (AP)



You're looking at one
of the most powerful spaces in the world

As a reader, you appreciate the editorial quality of our titles.
As an advertiser, you need to know that no one puts more decision-making power within your reach, on a worldwide basis, than we do.
Our columns are read by more of those who make the most far-reaching buying decisions than any other media on earth.
No wonder so many serious corporate players make our titles the lead media in their global communications planning.
The World Press Group is an alliance of seven prestigious publications committed to promoting the power of international press. For more information, please make contact at any point below:

BusinessWeek
The Economist
EUROPEAN
FORTUNE
Herald Tribune
Newsweek
TIME
World Press Group

(Tel: +44 (0) 181 840 5062 (Fax: +44 (0) 181 952 7498) (e-mail: worldpressgroup@men.com) <http://www.worldpressgroup.com>

DO YOU LIVE IN FRANCE?



• Subscribe and SAVE up to 60% off the cover price.

• Also available: PAY MONTHLY by easy, low cost, direct debit.

EARLY MORNING DELIVERY TO YOUR HOME OR OFFICE.

A cosmopolitan, comprehensive and concise newspaper delivered every day to your home or office. In and around most of Paris and Lyon the International Herald Tribune offers early morning hand delivery on the day of publication, Monday through Saturday. And, because it is printed in Paris, Toulouse and Marseille, it can be sent by post to arrive on the same day in most of France at no extra cost.

The result? Unique coverage of the world you live in, brought to you as it changes — daily.

For more information about easy ordering and availability of hand delivery

CALL our Subscriber Customer Service Department:

TOLL FREE 00800 4 448 7827 (00800 4 IHT SUBS)

or Fax 01 41 43 92 10

E-mail: subs@iht.com — Internet: <http://www.ihrt.com>

PAYMENT BY MONTHLY DIRECT DEBIT

☐ YES, I'd like to subscribe and have my bank account debited monthly by FF162.
Please start my subscription and send me a bank form to arrange my payment.

YOUR DETAILS

Family Name: _____
First Name: _____
Job Title: _____
Mailing Address: ☐ Home ☐ Business

PAYMENT BY CHECK OR CREDIT CARD

☐ YES, I'd like to subscribe and pay for the following term:
☐ 12 months (+ 2 months free): FF1,950 (Saving off cover price: 46%)
☐ Special, 2-month trial subscription: FF210 (Saving off cover price: 60%)

☐ My check is enclosed (payable to the IHT)

☐ Please charge my:

☐ Access ☐ Amex ☐ Diners
☐ Eurocard ☐ MasterCard ☐ Visa

Credit card charges will be made in French Francs at current exchange rates.

Card No: _____ Exp: _____

Signature: _____

☐ Please start delivery and send invoice.

City: _____
Postal Code: _____
Telephone: _____
E-Mail Address: _____
Your VAT No (Business orders only)

(IHT VAT No 747 320 211 26)
I got this copy of the IHT at: ☐ kiosk ☐ hotel ☐ airline ☐ other
☐ I do not wish to receive information from other carefully screened companies. 11-09-98

This offer expires on December 31, 1998 and is AVAILABLE FOR NEW SUBSCRIBERS ONLY.

Return your completed coupon to:
Subscriptions Director, International Herald Tribune,
181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex.
Fax 01 41 43 92 10 E-Mail: subs@iht.com FR14

READERS IN OTHER COUNTRIES CAN SUBSCRIBE BY CALLING:

EUROPE, MIDDLE EAST & AFRICA
Tel: +33 1 41 43 92 61
Fax: +33 1 41 43 92 10

THE AMERICAS
Tel: (USA toll free) 1-800-882-2884
Fax: +1 212 755 8785

ASIA
Tel: +852 29 22 11 71
Fax: +852 29 22 11 99

INTERNATIONAL

For Argentine Candidate, Past Pain Becomes Political Asset

By Clifford Krauss
New York Times Service

USHUAIA, Argentina — Like many mothers in Argentina, Graciela Fernandez Meijide can remember the night years ago when the Argentine security forces knocked at the door.

"I was closer to insanity than sanity," she said of the night in 1976 when her 17-year-old son Pablo, wearing nothing but a jacket pulled over his shoulders, was taken away.

Now she is one of the three leading candidates to succeed Carlos Saul Menem as president of Argentina next year.

Although Mrs. Fernandez Meijide is a member of Congress from Buenos Aires Province, she is considered by some to be an unlikely presidential candidate. She has no experience in economic policy and has never served in the executive branch. She makes her own clothes, and has been known to celebrate her political victories by performing exuberant dance steps in her bare feet in public. But her candidacy automatically gains stature from her painful personal experience, which reflects so much of Argentina's recent history.

"I decided to do something to construct a new country," she said on a campaign flight to snowy Tierra del Fuego. She recalled the weeks she spent

22 years ago vainly knocking on the doors of police precincts and government buildings searching for Pablo, whose fate she has never learned. "To change things, you need to have power," she said.

Just by running a serious campaign, Mrs. Fernandez Meijide has shown how much Argentina has changed since military rule ended 15 years ago. For all of the country's problems, it is now a place where candidates like Mrs. Fernandez Meijide — who accuses top officials in the government of arms-trafficking and corruption — can compete for power safely and openly.

"It's a sure thing," she said of her prospects in the Nov. 29 primary balloting against the mayor of Buenos Aires, Fernando de la Rúa, for the nomination of an opposition coalition known as The Alliance. "The country is tired of the two old parties and their machines."

Polls indicate that she is neck and neck or slightly behind, and that a majority of people believe she is the most likely candidate to tackle corruption.

The primary winner will almost certainly face Eduardo Duhalde, the governor of Buenos Aires Province and leading Justicialist Party candidate now that Mr. Menem has dropped his candidacy. In a race with Mr. Duhalde, recent polls indicate, she would win — although the



Graciela Fernandez Meijide campaigning in Ushuaia, Argentina. In 1976, her 17-year-old son disappeared after being taken by security forces.

margin has narrowed since the heady days last October after she led the Alliance to victory in congressional elections.

At 67, with dark bags under her eyes and a persistent cough that seems to come with campaign fatigue, Mrs. Fernandez Meijide does not look scripted for the part of president. But she projects an image that reflects the suf-

fering of her past. In fact, her image is the most successful part of her message, some political experts say.

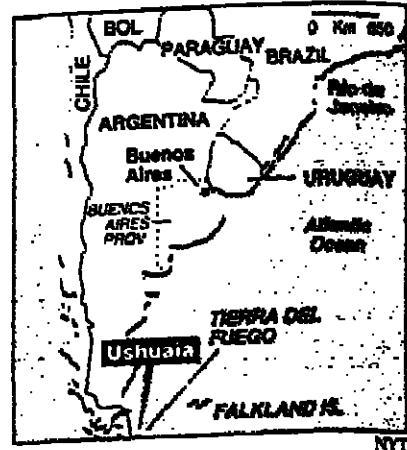
"Her past gives her a certain stature," said Carlos Escude, a political scientist at Di Tella University in Buenos Aires. "Even people who dislike her have to avoid appearing disrespectful to a person who has suffered so much from her

country's troubles." She supports moderate social change but political continuity. Its message intended to energize the lower- and lower-middle classes while calming the business sector and investors.

"The great national sport in Argentina is to attack our institutions," she said in a television interview in a restaurant on Ushuaia's wharf, with bobbing sailboats as a backdrop. "No one believes in the courts. No one believes in Congress. No one trusts the executive branch. We have to change that."

She spoke passionately of the need for better schools and more jobs and especially of the need to shake up government to control corruption. But she is short on specifics, especially when it comes to economic policy, although she promises not to reverse Mr. Menem's policy of privatizing government agencies and pegging the value of the peso to the dollar. During a campaign speech to an adoring crowd of 500 people in an elementary school gymnasium here, some of her biggest applause lines were remarkably unremarkable — a reflection, perhaps, of how unconvulsive politics are in Argentina at the moment.

Promising to increase exports, she said, "An ambassador who doesn't sell will not be an ambassador for long." In



another message received enthusiastically, she said, "I guarantee that when I govern the country the message will be simple: Anyone who steals will not have political cover."

Despite her long history as a human rights activist and opponent of military rule, she shows how much times have changed by giving no more than a passing, indirect reference to human rights in her standard campaign speech. Argentine reporters rarely ask her about the political disappearances anymore.

"It's not a big theme for the society today," she said in another interview. "It's a memory and lesson of what a dictatorship means. If elected president, she says, she will have good relations with the military."

Kohl Tries to Buy Time With Jobs

As Vote Nears, Germany Funds 100,000 Temporary Posts in East

By Edmund L. Andrews
New York Times Service

NEUSTRELTZ, Germany — Like many others in this small town in Eastern Germany, Erika Tauber had been out of work since the textile factory here closed with the fall of communism.

But in June, after years of job hunting and retraining, Mrs. Tauber, who politely gives her age as in the 50s, suddenly found work again — thanks to the German government.

With a national election around the corner and unemployment receding but still in double digits, Chancellor Helmut Kohl's government has orchestrated an abrupt expansion in temporary job programs.

Just outside this town, unemployed high school graduates have been given jobs and old-fashioned hand tools to build a replica of a medieval Slavic village. Other workers are counting trees in the local forests, renovating schools and crunching up concrete from demolished buildings.

With Mr. Kohl under attack for years of high unemployment, job programs are critically important in his campaign to win an unparalleled fifth term, especially in the Eastern part of the country, which has been a crucial base of support for him in the past.

But with unemployment in the East far higher than the national rate, the chancellor is lagging badly in opinion polls.

Since January the government has financed 100,000 new public service jobs

across the depressed Eastern states, at an added cost of nearly \$1 billion.

"The government is clearly using unemployment programs as a political weapon," said Werner Patzelt, a political scientist at Dresden Technical University. "The irony is that they are doing exactly what the Social Democrats have been calling for."

The problem is that the make-work jobs are all temporary. Most last for a year, but many of the newest jobs last only six months.

"There isn't any real growth here," said Annagret Albrecht as she sewed a fisherman's costume for a pageant, in one of the publicly subsidized jobs. "The only thing that's happening is that people are being taken off the streets. When the elections are over, our jobs will be over, too."

With the last-minute spending, the Federal Labor Office reported on Tuesday that the unemployment rate eased slightly in August to 10.6 percent from 10.7 percent in July. About 4.1 million people were without jobs last month, an improvement of about 39,000 people from the July level.

The highest levels of joblessness are in Eastern Germany, where huge, inefficient and overstaffed factories closed after the fall of the Berlin Wall, leaving many people without work. In August the unemployment rate in the Eastern section of the country was 17.1 percent, down from 17.4 percent in July. In the Western part of the country, unemployment in August was 9 percent, down from 9.1 percent.

Neither Mr. Kohl's party, the Christian Democratic Union, nor the Social Democratic Party, whose candidate is Gerhard Schröder, offers convincing solutions.

Many economists say the problems stem in part from high taxes, steep costs of wages and benefits and strict work rules, but neither side has proposed radical reforms. Both support a strengthening of job and training programs. As the aging incumbent, Mr. Kohl has the more acute problem. When he stopped here late last month to campaign, protesters threw eggs and tried to disrupt his speech with chants of "Kohl must go!"

Disillusionment abounds. The streets here are plastered with billboards and placards from far-right parties, like the German People's Union, that campaign against immigrant labor from Eastern Europe and elsewhere with slogans like "German money for German jobs."

As the dissatisfaction has grown, the government has vacillated between cutting spending for job programs and expanding them to alleviate the severe recession.

During 1997 the federal government slashed 100,000 make-work jobs to reduce its budget deficit. At the time, the government was struggling to satisfy the strict fiscal requirements for taking part in the new European currency, the euro.



Irena Borzynski, left, and Helga Hosak clearing a site for a Neustrelitz park. Theirs are two of the 100,000 temporary jobs Bonn has created in the East.

But in January, after the government met the euro requirements, it abruptly reversed course. Local governments were given authority to spend an extra \$600 million, and an estimated \$300 million was added for special jobs subsidies in the east. Since the year began, the number of public make-work jobs in Eastern Germany has jumped to 179,622 from 80,142, according to the labor office.

In the West, where unemployment is lower, the government has added only 10,000 temporary jobs.

With a rush of public funds, local job offices have been scrambling to line up workers and projects. Much of the work is funneled through private contractors that organize scores of public service projects and take care of the hiring and firing.

On the campaign trail, Mr. Kohl is taking credit for the slow decline in unemployment and boasts that the number of jobless workers will sink below 4 million by November.

"Companies are employing people again, not least in the small to medium-sized companies," he said. "The Social Democrats wanted to use this rotten mood to win, when they said in January we would have 5 million unemployed workers this year. But it hasn't happened."

But in Eastern Germany, the mood is grim. "All the work has been shifted to cheaper countries like Poland, Slovakia or the Czech Republic," said Mrs. Tauber, who found work as a seamstress.

"The problem is, we can't afford to work that cheaply, because it costs as much to live here as it does in the West."

Neither party has much of an answer to that.

The huge increase in make-work jobs has put Social Democratic politicians in an awkward position. Though they support such jobs themselves, they argue that the current crop of make-work projects include many that are nonsense.

"This is just a way of polishing the labor statistics," said Harald Ringtorff, head of the Social Democratic bloc in the legislature of Mecklenburg-Western Pomerania. "There are projects being approved here that make absolutely no sense for labor policy and would never have been approved under normal circumstances."

Rift on Yugoslav Flights Again Shows EU in Disarray

By Barry James
International Herald Tribune

BRUSSELS — The European Union's decision to punish Belgrade for its repression in Kosovo by barring flights of the Yugoslav national airline to EU destinations was in disarray Thursday after Britain's decision not to apply the ban for another year.

It was yet another example of the EU's failure to adopt a strong and consistent position against the Serbian leader, Slobodan Milosevic, observers said, and it illustrated in more general terms the EU's inability to form an effective common foreign and security policy.

It also left Britain in the familiar position of being one against the other 14 EU members.

Although Spain and Greece did not immediately put the ban into effect, a spokesman for the European Commis-

sion, the EU's executive, said they were expected to fall into line in the next couple of days.

The EU's confusion coincided with a major Yugoslav and Serbian offensive in Kosovo, where refugee officials said that up to 25,000 ethnic Albanians were desperately seeking to escape an onslaught by tanks and artillery.

The UN said this week that up to 700 people had been killed in the six-month struggle between Serb-led forces and Kosovo separatists. In addition, an estimated 265,000 people have been driven from their homes because of Belgrade's scorched-earth policy against the separatists.

What made the flight dispute inexplicable to some was the fact that Prime Minister Tony Blair had pushed his EU partners at the Cardiff summit conference in June to adopt the ban in cooperation with the United States.

The ban was reaffirmed at an informal meeting of EU foreign ministers in Salzburg, Austria, last weekend and went into effect on Tuesday.

But Britain told its partners that for legal reasons, it would abide by its 1959 Air Services Agreement with Belgrade. That pact contains a clause stating that cancellation of the agreement by either side is subject to 12 months' notice.

Britain insisted that because it signed the accord before it joined the European Community in 1973, the agreement was not subject to EU legislation. A spokesman for the European Commission, the EU executive, said commission lawyers were studying the British position and might start legal action against the U.K. government.

"There is a very real legal tangle here," the spokesman said. A British spokesman said London supported the EU action, but he added, "Ig-

norance one's air services obligations does not set a good example to anyone."

Other countries have similar agreements but decided to brave Yugoslav threats to sue them under internal law if they breached them. Belgrade insists that all EU countries have a legal obligation to give a year's notice of suspension of flights.

German officials were reported furious over the British decision, which sent what the Sueddeutsche Zeitung newspaper called a "disastrous signal" to Belgrade.

"It's quite frustrating if a common decision is not commonly put into force," said Werner Hoyer, German state minister, who assailed the EU's lack of coordination as a grave mistake.

"It is weakening the position against Milosevic," he said. "The embargo only makes sense if there is real pressure."

CLINTON: Starr Is Said to Detail Allegations of Series of Crimes

Continued from Page 1

by Mr. Clinton to thwart the Jones lawsuit, and to work with Ms. Lewinsky to conceal their relationship.

The evidence delivered Wednesday to the House includes transcripts of grand jury testimony, Mr. Clinton's videotaped grand jury testimony of Aug. 17 and 20 hours of audio tapes of Ms. Lewinsky talking to Linda Tripp, a former friend and co-worker, about details of her relationship with Mr. Clinton, as well as efforts to get Mrs. Tripp to alter her story in the Jones lawsuit.

Charles Bakaly, a spokesman for Mr. Starr, would not describe the report's contents except to say that it contains "substantial and credible information that may constitute grounds for impeachment of the president of the United States."

CNN said the White House was making last-ditch appeal for delay. The cable news channel reported that the White House counsel Charles Ruff and Mr. Kendall were to meet Thursday with Representative Henry Hyde, the Illinois Republican who is chairman of the House Judiciary Committee, and John Conyers Jr. of Michigan, the ranking minority member, to appeal for three-day delay.

Republicans said that with the report headed into the hands of all 435 members of the House, it could not be kept secret. Mr. Starr had rejected an earlier White House request for a preview of the material.

But now the documents are in the

hands of Congress, where every move will be closely scrutinized for political motives and reverberations.

As legislators moved warily through the unfamiliar, in some ways uncharted, territory of preparing an impeachment process — last invoked against President Richard Nixon in the Watergate affair, before he resigned in August 1974 — the Republican speaker of the House took the unusual step of insisting on decorum in discussions on the House floor.

"Members engaging in debate must abstain from language that is personally offensive toward the president," said Representative Newt Gingrich of Georgia. "Freedom of speech in debate does not mean license to indulge in personal abuses or ridicule."

Mr. Gingrich said Congress had the right to criticize the president "on matters of policy," but he added that "this right is subject to proper rules requiring decorum in debate."

Democrats said they feared the public would form its conclusions based only on Mr. Starr's report, which many consider one-sided and politically motivated, without waiting for a White House response.

Several Republican and Democratic leaders pledged Thursday to be fair and nonpartisan in reviewing the material.

Mr. Clinton, who had sought to focus his week's activities on health and education-related appearances, met early in the day with Senate Democrats, and later with cabinet members.

Republican leaders said they expected the full House on Friday to approve the dissemination of the 445 pages that form the heart of Mr. Starr's report, including a 25-page summary, a 280-page narrative, and a 140-page discussion of grounds for possible impeachment. Mr. Gingrich said the report would probably be placed on the Internet by late Friday afternoon.

Reuters reported that the information will appear on the Library of Congress World Wide Web site (thomas.loc.gov) or on a special House site being prepared (www.house.gov/icreport), probably between 2 P.M. and 4 P.M. local time on Friday.

Mr. Hyde said the House Judiciary Committee would undertake a bipartisan review of some 2,000 pages of supplementary material, and probably delete the names of some individuals mentioned, before moving to make them public within the next few weeks.

Members of the House had awaited the report for weeks but were caught off-guard by its almost unannounced arrival. Legislators scrambled Thursday to develop rules for opening a deeply divisive process that the country has experienced twice before, and only once in this century — the impeachment of a president.

The weeks and months ahead will determine whether Congress disciplines or seeks to remove the president from office or merely rebukes him — or whether he decides to resign, as President Nixon did in 1974.



Dick Gephardt, the House minority leader, right, and Vic Fazio, Democrat of California, speaking to reporters Thursday after a party meeting.

UNFAIR: 'Let Clinton Reply'

Continued from Page 1

He also said of the meeting with the president: "He shared his feelings and apologized to us personally."

Mr. Daschle said the meeting, also attended by Vice President Al Gore, did not touch on the subject of a possible Clinton resignation.

He said the senators "expressed the need to bring this to a closure, to allow this country to heal, to allow us to work on the nation's business."

Mr. Daschle said the legislators accepted the president's apology but also asked him whether there were new, damaging revelations yet to surface.

"His answer was that, no, there were no surprises," Mr. Daschle said.

The other senators in the meeting were Barbara Mikulski of Maryland, Bob Kerrey of Nebraska, John Breaux of Louisiana, Byron Dorgan of North Dakota, Harry Reid of Nevada, Jay Rockefeller of West Virginia, Robert Torricelli of New Jersey and Max Baucus of Montana.

Mr. Clinton scheduled a late-afternoon meeting with members of his cabinet, the first since Jan. 23, when Mr. Clinton personally assured them that reports he had a sexual affair with the former White House intern were false. After the January meeting, cabinet members were sent out in public to express confidence in Mr. Clinton's denial. "I believe the allegations are completely untrue," Secretary of State Madeleine Albright said then. "I'll second that. Definitely," said Commerce Secretary William Daley. "Third it," said Health and Human Services Secretary Donna Shalala.

The White House press secretary, Michael McCurry, was asked whether the president felt a special need to apologize to his cabinet. "If he does — and I expect he does — I'm sure he'll make that apology," Mr. McCurry said to reporters before the meeting.

"He's got a lot of amends to make, and he will be making those amends," Mr. McCurry added.

The president got support Thursday from another senior woman in his cabinet, Attorney General Janet Reno, who said at her weekly news conference that she retained confidence in the president.

"I think he is telling the American people that he has made a very, very bad mistake, that he assumes responsibility for it, that he wants to take steps to move forward and at the same time recognizes his mistake," she said.

(AP, Reuters, AFP)

Democrats in Congress Worry

Richard L. Berke of The New York Times reported earlier:

Democrats on Capitol Hill have been spooked by the arrival of the Starr report and two vanloads of evidence that some fear could topple the president. Many lawmakers were already frightened — even panicked — over how Mr. Clinton's denials and delays let the crisis fester and escalate to the point that it now threatens their own campaigns in just eight weeks.

All day long on Wednesday, Mr. Clinton struggled to contain his most immediate political dilemma: defecting Democrats. He started the day with a wrenching breakfast at the White House where he apologized to party leaders, insisting there were no grounds for impeachment. Then in Florida, he issued a dramatic public apology for the Lewinsky debacle — and, again, asked for forgiveness.

Yet for all his appeals, the signs were hardly reassuring. In the last few days, a wave of denunciations from Democratic senators in tough re-election battles combined with the delivery of the report by Kenneth Starr, the independent prosecutor, has helped fuel a growing sense in the White House and among Democrats in Congress that the party may not have time to recover before the election.

"This thing is spiraling out of control," said a senior adviser to Mr. Clinton, who has spoken at length with the president this week.

Ticking off the list of senators who have condemned Mr. Clinton in recent days, he said, "These guys are all worried about their own election." He added, "They're all fair-weather friends."

On Wednesday, the distancing dance continued in Florida, where Senator Bob Graham, who is seeking re-election, stayed clear of events with the president, as did Governor Lawton Chiles.

EUROPE

Primakov Wins Approval in West, With Some Misgivings

By William Drozdiak
Washington Post Service

BERLIN — President Boris Yeltsin's nomination Thursday of Yevgeni Primakov to become the Russian prime minister evoked cautious optimism in the United States and Western Europe.

The hope is that he will help restore political stability and will deal effectively with Russia's grave economic crisis.

The White House spokesman, Michael McCurry, said the U.S. "knows and respects" Mr. Primakov and looks forward to "a good and close working relationship" if he is confirmed by the State Duma, the lower house of Parliament.

The German finance minister, Theo Waigel, called Mr. Primakov "a politician who knows what's what and knows Russia is tied to the international com-

munity." Mr. Primakov is an expert on the Middle East and since last month has been acting foreign minister, after Mr. Yeltsin dismissed his entire cabinet.

His record over the previous two years as foreign minister and, earlier, as KGB intelligence chief suggests his government, which is likely to include Communists, will be skeptical about expanding policy cooperation with the West.

At a time when Moscow is desperate for economic help, persistent disagreements over key security issues involving the Balkans, Cyprus, Iraq and Iran have been deepening its estrangement from the West, according to U.S. and European officials.

"Whatever happens to the ruble and the Russian economy, the next government in Moscow will almost certainly have less maneuvering room for cooperation with the Western military alliance," remarked a top German poli-

cymaker in Bonn. "Just when we need to broaden and improve our relationship, there is a real danger of anti-Western backlash."

U.S. and European diplomats have accused Mr. Primakov of throttling greater cooperation with the West in the name of preserving his weakening country's aspirations to retain big-power status.

In meetings with Western visitors, Mr. Primakov emphasizes that his main priority is to protect Russian security interests and to prevent strident nationalists from gaining the upper hand.

The Russian ultranationalist leader, Vladimir Zhirinovskiy, one of the rare Russian politicians to denounce Mr. Primakov's appointment, called him "too pro-American."

Regardless of motives, Western officials say Russia's latest economic crisis has coincided with a stubborn re-

sistance by Mr. Primakov to play a more helpful role in resolving several crises.

In Kosovo, Russia's veto at the UN Security Council is blocking any prospect of NATO military intervention to stop the fighting and rescue some 250,000 ethnic Albanian refugees chased out of their homes by Serbian security forces.

Western diplomats said the six-nation Contact Group, which guides Balkan strategy among Russia, the United States and four major European powers, nearly fell apart after an acrimonious 12-hour meeting in Bonn two months ago, when Russia refused to countenance tougher sanctions, let alone military action, against Serbia.

The group has not met since then, even as the Kosovo crisis has deteriorated and a humanitarian disaster looms with the approach of winter.

In divided Cyprus, Russia is planning

to deliver S-300 anti-aircraft missiles by November to the government of the Greek Cypriots, a move that Turkey warns could trigger war in the Mediterranean.

Moscow has stymied UN inspections of chemical and biological weapons facilities in Iraq and has balked at giving assurances it will refrain from supplying nuclear technology assistance to Iran.

The NATO-Russia Council, a consultative forum designed to seal reconciliation between Cold War enemies, is floundering in distrust and inertia.

Moscow has bolstered its political and military presence at NATO headquarters, but General Wesley Clark, the alliance's supreme military commander, has complained that too many of its representatives are known to be military intelligence officers, more interested in snooping than building confidence in amicable NATO-Russia relations.

BRIEFLY

Fugitive Captured

ROME — Italian and French police captured one of Italy's leading fugitives, the financier Licio Gelli, who had been convicted in one of the country's top corruption scandals, Interior Minister Giorgio Napolitano announced Thursday.

RAI state TV said Mr. Gelli was arrested in Cannes on the French Riviera.

Mr. Gelli was under house arrest in his Tuscan mansion when he disappeared in May. In April, Italy's highest court had upheld his conviction on charges of complicity in the 1982 fraudulent bankruptcy of the Milan-based Banco Ambrosiano and sentenced him to 12 years and 8 months in prison. (AP)

Pesticide Treaty

ROTTERDAM — Aiming to protect people and the environment in developing countries, representatives of 80 nations prepared to sign a new treaty Friday that tightens rules on pesticides and other hazardous chemicals.

The treaty will require companies to get government permission before exporting such material.

The accord covers 22 pesticides and five industrial chemicals, including DDT. Many pesticides that are banned in industrialized countries are still being sold in developing nations. (AP)

Gay Unions Backed

PARIS — Half of the French approve of gay marriages and more than a quarter of them think homosexuals living together should also be allowed to adopt children, an opinion poll said Thursday.

But 99 percent of those surveyed still think the word "marriage" applies to a man and a woman.

The BVA polling institute asked 967 people about the French government's proposal to allow any two people living together to enjoy most of the social and fiscal rights now enjoyed only by married couples. (Reuters)

For the Record

The French interior minister, Jean-Pierre Chevènement, regained consciousness on Thursday, eight days after falling into a coma during an operation in a military hospital. (Reuters)

Former Spy in a Political Whirlwind

Primakov's Appeal: Tough Stance but Scant Economic Record

By Daniel Williams
Washington Post Service

MOSCOW — He is a spy turned foreign minister who has campaigned tirelessly to make a weakened Russia a force in world affairs. Now he is turning his talents toward an effort to keep Russia from sinking into a bottomless economic decline.

Yevgeni Primakov, Russia's prime minister in waiting, was thrust Thursday into the whirlwind of one of post-Soviet Russia's most difficult crises. Although his career in Russian public service is long, few clues exist on how he can rescue Russia from its economic freefall.

With President Boris Yeltsin clearly in a weakened political condition and in fragile health, Mr. Primakov has in a stroke become the central figure in Russian politics.

"He will be wearing the hat not only of prime minister, but of president," predicted Sergei Karaganov, a political analyst and longtime associate of Mr. Primakov's.

Mr. Primakov's appointment as prime minister-designate in some ways parallels his nomination as foreign minister almost three years ago. At that time, Mr. Yeltsin was bedeviled by foreign policy critics among the Communist and nationalist opposition who complained that Russia had sold out to the West. The nomination Thursday has had the effect of defusing a much more serious struggle between Mr. Yeltsin and the opposition. Most politicians on the left and right welcomed it.

Mr. Primakov made foreign policy a nonissue in Russia by distancing himself from the United States, which he contended was trying to dominate the globe. In the name of establishing a "multipolar" world system, Mr. Primakov reestablished Moscow's influence in the Middle East by renewing political support for old Soviet allies, in particular President Saddam Hussein of Iraq. His championing of an end to UN sanctions on Iraq helped erode Washington's resolve to punish Mr. Saddam for obstructing UN weapons inspections.

He persistently opposed the use of force by NATO to pressure Serbia to end its anti-separatist war in Kosovo, and made diplomatic visits to Cuba and Libya, two countries the Clinton administration views as renegades. Mr. Primakov also denied that Russia had supplied Iran with technology useful in building medium- and long-range missiles, saying that any leakage was on a free-lance basis out of the government's control.

He campaigned against the expansion of NATO into Poland, Hungary and the Czech Republic, but acquiesced after negotiating a special relationship with the Atlantic Alliance designed to give

Russia a say in NATO affairs. He has, however, drawn a line at proposed expansion into the Baltic states, saying that NATO must not be permitted to use facilities of the former Soviet republics.

In Russia, little was said of this record Thursday. Prospects of ending the current economic crisis, not foreign policy, dominate the debate here.

Many observers attribute the rise of Mr. Primakov to his lack of a record on reform of Russia's economy. Neutral is a word frequently attached to him.

Mr. Primakov is not a trained economist. And unlike Viktor Chernomyrdin, Mr. Yeltsin's first nominee for prime minister, or Sergei Kiriyenko, who was ousted from the job last month, he has not labored in the economy of either the Soviet era or capitalist Russia. He has no links to big business, nor is he closely associated to the so-called young reformers who had directed Russia's economy in recent years.

Admirers say this all makes him independent and able to make tough decisions on their merits. His membership on the Communist party Central Committee during the late years of the Soviet Union means he is familiar with the still gargantuan bureaucracy in Russia. That history makes him acceptable to the Communists and other leftists, yet liberals do not regard him as ideologically committed to Marxism. His stint as foreign minister for the past two years makes him familiar to world leaders.

Recently, Mr. Primakov hinted at his tastes in economics. In June, he told a

meeting of business leaders in Switzerland that Russia had erred "because of a heavy policy tilt toward macroeconomic stabilization" — a direct criticism of policies designed to keep inflation under control and the ruble strong. Mr. Primakov argued that more attention to stimulating economic growth was needed.

He also said Russia erred by "depending too heavily on the continuing inflows of foreign capital." He suggested that foreign money be replaced by funds that Russians had illegally spirited out of the country. The government must also raise tax revenues, he said.

Later that month, during a speech in London, he expanded on this critique. He said that the world financial crisis had hit Russia hard because foreigners who invested in Russia did so mostly in government bonds, and when they needed cash to cover losses in East Asia, they "withdrew from Russia."

He lashed out at the main thrust of reforms in the Yeltsin era. "Many people believe that stabilization is the ultimate purpose rather than the condition for the growth of production."

He suggested a New Deal for Russia, in which he said Franklin D. Roosevelt "took some state measures, some tax measures that benefited the development of industry."

As impressive as this position seems, it places him close to the tack taken by Mr. Chernomyrdin, who pledged to both print money to stimulate growth, pay off back wages to workers and crack down



Yevgeni Primakov, right, on Thursday with Vladimir Lukin, the chairman of the Duma, during inter-parliamentary talks in Moscow.

on tax evaders. Many economic observers think such a formula unworkable at best and a recipe for disaster at worst.

At least he will go into office with broad support from Russia's alphabet of political parties. His nomination defused the country's potentially dangerous political stalemate, being met with a near unanimous welcome from politicians.

Mr. Primakov, 68, repeatedly turned down Mr. Yeltsin's requests to be prime minister, but gave in when it was clear no other candidate could defuse Russia's

political crisis, Kremlin officials said. One of his attractions to rivals of Mr. Yeltsin is that, unlike Mr. Chernomyrdin, he has never expressed ambitions to succeed Mr. Yeltsin, leaving the way open for others.

He is a veteran of the KGB, and as a young agent was code-named Maxim. He headed the foreign branch of Russian intelligence from 1991 to 1996. He has long experience in the Middle East, where he was a correspondent for Pravda and covered the 1968 Middle East War.

Rival Ulster Leaders Make Progress as They Meet Face-to-Face

By James F. Clarity
New York Times Service

BELFAST — There was significant progress in the Northern Ireland peace effort Thursday as officials said British troops would stop patrolling the Belfast area this weekend and that some paramilitary prisoners would be released in the next few days.

The decisions were welcomed by all sides in this predominantly Protestant British province, as David Trimble, leader of the Ulster Unionist Party, and Gerry Adams, the leader of Sinn Féin, the political arm of the Irish Republican Army, met privately for the first time in Parliament Buildings, the neoclassical site in the Stormont section of Belfast of the new Northern Ireland Assembly, which is to enact the political reforms of the peace agreement reached last spring.

The meeting was the second this week between Mr. Trimble, who is First Min-

ister of the Assembly, and Mr. Adams, who is a member of it. Until recently the two were openly bitter political enemies during the 30 years of sectarian violence in the province.

On Monday, the two men addressed each other briefly at a meeting of Assembly leaders for the first time. On Thursday, they went into a second floor room without benefit of aides and spokesmen, and talked for 45 minutes about the issues still dividing them, principally the timing of disarmament by the IRA. "It was the first time ever that a leader of Irish Republicanism sat down face to face with a leader of Ulster Unionism," said Richard McAuley, an assistant to Mr. Adams.

Monica McWilliams, a member of the Assembly representing the Women's Coalition, said, "After the painful summer we've had, we deserve one of these days." She added, "This is a good message to put out, that the heads of unionism and republicanism are sitting

down together." Of the negotiations to come in working out details of the peace agreement, which are supposed to give Catholics more political power, she said that there were still enemies in the Assembly.

"There are still people who hate each other," she said. "But still, this is an important day, a historic day."

The return of British troops to their barracks this weekend was announced by Ronnie Flanagan, the police chief of the province who controls all security force movements. He said the withdrawal, which will mean no more young British soldiers strolling the streets in full combat uniform wielding automatic rifles, was possible because "we currently have a reduced terrorist threat."

He said it was a "distinct possibility" that some of the 17,500 British troops in the province would return to mainland Britain soon. A reduced British military presence on the streets is seen as a concession to Sinn Féin demands that the

province be "demilitarized" before the IRA can be expected to disarm.

Officials said that as many as 12 paramilitary prisoners, Catholic and Protestant, would probably be released before the expiration of their terms in the next few days. The early release of prisoners is a principal demand of both Catholic and Protestant groups.

Mr. Adams and Mr. Trimble both scoffed at questions from reporters asking whether they, as old foes, had shaken hands privately, symbolically this morning. They had not.

The two leaders said they had discussed the central problem of the negotiations: whether Sinn Féin members could become ministers in a new provisional government executive before the IRA began actual disarmament.

Mr. Trimble said it was a "chicken and egg" problem, avoiding his usual anti-Republican bombast. Mr. Adams refrained from his usual jabs at Mr. Trimble.



David Trimble on Thursday after his meeting with Gerry Adams.

RUSSIA: Yeltsin Yields and Chooses Primakov as Prime Minister

Continued from Page 1

Mr. Primakov faces a complex set of problems, including a currency crisis, a banking system teetering on collapse and a loss of confidence at home and abroad.

While it is not yet known how he will propose to deal with each, in the past Mr. Primakov has argued for a "Great Russia" approach that emphasizes independence from the West.

Sources said Mr. Primakov intends to pick a Duma member, Yuri Maslyukov, the last head of the Soviet central-planning colossus Gosplan, to be first deputy prime minister.

Mr. Maslyukov is viewed as more moderate than some of the Communists in the Duma, but nonetheless he is a champion of government aid to industry and a critic of Mr. Yeltsin's free market reforms, such as Anatoli Chubais and Yegor Gaidar.

Mr. Primakov may also turn to Viktor Geraschenko, the last head of the Soviet state bank, Gosbank, and first chief of the Central Bank of Russia, to return as bank chairman.

Mr. Geraschenko resigned in 1994. He was criticized in the early 1990s for pumping credits into the banking system that stoked inflation.

The central bank post became vacant this week with the resignation of Sergei Dubinin in the aftermath of the crisis.

Russia devalued the ruble on Aug. 17 and defaulted on its domestic debt. This plunged the country into whirlwinds of economic trouble, including a near-breakdown of the financial system, disruption of imports, runs on banks and panic buying and hoarding.

Gennadi Zyuganov, the Communist Party leader who faced down Mr. Yeltsin over the Chernomyrdin nomination, declared Thursday that the era of Mr. Yeltsin's reformers was over.

Mr. Primakov may turn to another reformer, Mr. Yavlinsky, a pro-market centrist who said he came out in support of Mr. Primakov because the country needed a compromise figure who did not have his own political ambitions.

In an important shift, Mr. Yeltsin signed a decree releasing Andrei Kokoshin from his post as secretary of the Kremlin's Security Council, but sources said Mr. Yeltsin may be preparing to appoint him as defense minister to replace Igor Sergeev.

Before Mr. Yeltsin's decision was announced, Mr. Chernomyrdin made a televised appearance to bow out and he delivered an icy blast at Communists.

They are suffering from "an acute revolutionary syndrome," he said, and were striving for nothing less than removal of Mr. Yeltsin.

Mr. Yeltsin has not appeared healthy in recent weeks and did not utter a word in public. Well-informed sources here have speculated for some time that he may be preparing to resign for health reasons once he can put a successor in place.

Under the constitution, if Mr. Yeltsin is incapacitated or steps down, the prime minister becomes acting president and elections must be held.

Mr. Primakov is not a potential presidential candidate. Analysts said his ascension to the prime minister's post would give rivals time to regroup.

MEMORIAL

A Memorial service for Mr. Harry H. Lunn deceased August 21st in Paris will take place the 16th of September 1998 at 6 p.m. at the American Cathedral in Paris 23, Av. George V

Branson and Balloon Rival to Team Up

Agence France-Press

LONDON — The millionaire entrepreneur Richard Branson announced Thursday he would link up with his American rival, Steve Fossett, to make another attempt at circling the globe nonstop in a hot-air balloon.

The two men between them have made nine failed attempts to be the first to fly around the world. Mr. Fossett's latest bid ended last month when his balloon fell 8,840 meters (29,000 feet) into the Coral Sea, 800 kilometers off the east coast of Australia.

Take-off in the Virgin Global Challenger from Marrakesh, Morocco, is planned for November. For Mr. Branson

it will be a fourth attempt. Mr. Fossett, who has made five, made the four longest flights in ballooning history.

For the first time they will have a back-up balloon in case of damage.

At a press conference at the Royal Aeronautical Society in London, Mr. Branson, head of the Virgin Group, referred to Steve Fossett as "formerly a major thorn in our side."

Mr. Fossett recalled that he was "still on the rescue boat when Richard phoned and asked me to join the Virgin Global Challenger." Mr. Fossett said he was "feeling very deflated at the time," and the offer was "too good" to refuse.

WWW. PRIME SITES WWW.

List your website and e-mail address in our new "Prime Sites" section every Thursday.

For Rates and Deadlines, contact:

Europe: Sarah Wershof
Tel.: (44-171) 420 0326
Fax: (44-171) 420 0338

North America: Sandy O'Hara
Tel.: (1-212) 752 3890 or 800 572 7212
Fax: (1-212) 755 8785

e-mail: The_INTERMARKET@iht.com

Herald Tribune

THE WORLD'S DAILY NEWSPAPER

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

Now the Starr Report

On Capitol Hill, tourists and civil servants pause when they sense history in the making. The television cameras showed scores of them watching as two black vans arrived on Capitol Hill with 36 boxes containing Kenneth Starr's report to Congress. The delivery may have signaled the beginning of a race. Can Bill Clinton apologize rapidly and completely enough to prevent the contents of those boxes from destroying his presidency?

We will not know the answer for a while, but there is no mistaking that this week has brought a more somber legal and constitutional vocabulary into play. By delivering his 445-page report with supporting documents, Mr. Starr, the independent counsel, was serving official notice that he believed he had found "substantial and credible information of impeachable offenses."

House Speaker Newt Gingrich made the correct initial response, ordering that the documents be locked away until the House of Representatives adopts rules for how the Judiciary Committee will handle the information.

The abrupt delivery of the Starr report caught congressional Democrats and the White House off guard. It also speeded up the political clock for Mr. Clinton. His initial response, delivered through his lawyer David Kendall, was terse: "There is no basis for impeachment."

The president delivered the same message in an emotional meeting with skittish House Democrats on Wednesday morning.

But before they and the Senate critics within Mr. Clinton's own party decide whether they will stand with him in an impeachment fight, they want answers to less legalistic questions. Are there other bombshells out there?

As Senator Bob Graham of Florida put it, does Mr. Clinton finally understand that "he's got a serious problem with the American people?"

They also want to know if Mr. Clinton can get beyond what another Democrat, Senator Robert Byrd, has called the "delay and counterattack" strategy. In Florida on Wednesday, Mr. Clinton tried to show that he could be admitting to Democratic donors that "I let this country down." Yet there was an odd language in his description of visiting a school. He spoke of wanting "to be able to conduct my life and my presidency so that all the parents of the country could feel good."

The language seemed to suggest that at some deep level the president fails to acknowledge how much of the story of his life and this presidency has been written in indelible ink.

So, at the end of one of the worst days that any modern president has experienced, here is Bill Clinton's situation. He must produce a mammoth political effort to secure the forgiveness that he could have had with ease if he had told the truth on the day seven months ago when he wagged his finger at the American people and denied having sex "with that woman, Miss Lewinsky."

Moreover, only a handful of people, including Mr. Clinton, know whether those 36 boxes actually contain information that would wreck his already fragile standing with the public and his party.

At this portentous moment, this president who has had so much trouble with the truth did produce one sentence of indisputable veracity. "I have no one to blame but myself for my self-inflicted wounds."

—THE NEW YORK TIMES

A Matter of Privacy

Along with medical records, financial and credit records probably rank among the kinds of personal data that Americans most expect will be kept from prying eyes. As with medical data, though, the privacy of even highly sensitive financial data has been increasingly compromised by mergers, electronic data-swapping and the move to an economy in which the selling of other people's personal information is highly profitable — and legal.

Just how much of it is legal in the financial arena, though, is a complicated question. The Senate, struggling with a banking bill, is weighing a proposed amendment that would draw clearer lines. A judge at the Federal Trade Commission, after years of trying to police the sale of credit information to telemarketers, two weeks ago ordered one of the country's largest credit reporting bureaus to stop selling customers' sensitive data to such marketers in violation, the agency said, of the Fair Credit Reporting Act.

The Senate's attention to financial privacy comes in the form of a proposed amendment to a banking de-regulation bill, already passed by the House, that would allow banks to merge more freely with the providers of other financial services, such as insurers. Once such institutions can merge, though, under current law they are under no restrictions on sharing even otherwise protected customer information from division to division. (The Fair Credit Reporting Act, which offers some though not comprehensive protection for credit information, does not impose the same restrictions on affiliated institutions.)

For instance, watchdog groups say, if Citibank merges with Travelers Inc. insurance as expected, information about your bank balance or a bounced check could be used to deny you insurance coverage. Or data from a medical exam for insurance coverage could be shared with your bank and used to deny you a loan. Milder possibilities include the use of knowledge about your financial assets being shared with or sold to marketers who wish to target customers of a given income bracket.

An amendment proposed by Senators Paul Sarbanes and Christopher Dodd is likely to be weighed by the committee marking up the Senate bill this week or next. It would block such possibilities by prohibiting sharing or pooling of data not covered by the Fair Credit Reporting Act — known generally as "experience and transaction data," and including account balances and activity — for any purpose beyond the reason it was collected, unless the customer gives specific permission.

This goes well beyond existing privacy protections, which mostly require that the customer actively "opt out" of such uses — a difficult proposition when the customer probably has not the slightest idea that such swapping and spreading of information is legal to begin with.

For that very reason, it is a protection well worth considering, especially in the banking context.

As the pace of the much touted "information economy" quickens, safeguards against these previously unimagined forms of commerce become ever more important.

—THE WASHINGTON POST

Other Comment

North Korean Provocation

In the midst of meetings between American and North Korean negotiators in New York, the Pyongyang regime fired a new, longer-range missile across the Sea of Japan and over the Japanese mainland. That provocative act constitutes a major setback in diplomatic efforts to draw hostile North Korea into the world community.

The launch clearly demonstrated North Korea's ability to strike at any major Japanese city. Tokyo's condemnation was prompt, unequivocal and correct. It said it will suspend talks aimed at normalizing diplomatic relations, freeze aid for nuclear power reactors and refuse requests for more food assistance. Once again, ordinary North Koreans will pay for their government's half-cocked behavior.

U.S. officials, curiously, said they were not surprised by the test. Military analysts pointed to the range capability that North Korea has now shown, and said that chemical, biological and even nuclear warheads could be put on such a missile. The test came only a few weeks after U.S. intelligence satellites uncovered activity at a huge, supposedly shuttered nuclear facility.

North Korea may have been advertising its missile to other renegade nations. Military sales are one of the few money-making ventures left for the impoverished country, which has been warning that it may have to restart its nuclear weapons program.

The episode smacks of blackmail. All the more reason for the Clinton administration to reconsider its long, patient persuasion of Pyongyang.

—Los Angeles Times

Russian Economic Failure Invites a New Stalinism

By George Friedman

AUSTIN, Texas — The "new world order" has collided with reality, and reality seems to be winning.

As the Russian financial markets collapsed, Russia passed beyond the help of the IMF, the World Bank or anyone else. The financial meltdown in Russia is irreversible. There is nothing that the West can possibly do to resurrect the Russian economy.

It is not a matter of money. The problem is that in Russia, money does not turn into capital. All investments are hopelessly squandered through a combination of inefficiency and theft. For money to turn into capital, for investments to flourish, institutions must exist which guarantee such things as the lawful, predictable enforcement of contracts, reliable transportation of goods from one point to another, government neutrality in economic competition, and so on.

None of these things exist in Russia. Contracts are unenforceable, basic reliable infrastructure is nonexistent, and the government is not only unpredictable in its treatment of participants but at times deliberately destructive.

Russia is a different place. But the ideology of the new world order held that there are no different places, that all reasonable people behave in the same reasonable way and that, therefore, given advice by Harvard and Goldman Sachs, Russia would evolve economically.

It was also assumed that Russia would evolve politically, because it was assumed in general that, with a growing economy, all reasonable people would come to look like everyone else. Prosperity would yield liberal democracy, and liberal democracy would make Russia an enthusiastic member of the international community, just like people from Wisconsin but with more bees in the diet.

Instead of this happy scenario, we see the re-emergence of the Communist Party as the decisive force in Russian politics. The political issue has not been what Boris Yeltsin or Viktor Chernomyrdin would do, but what the Communist Party, the largest party in the Duma, would permit them to do.

The fact is that Mr. Yeltsin can no longer govern without the support of the Duma, and power in the Duma lies in the hands of the Communists and the nationalist parties, including the strange fascist Vladimir Zhirinovskiy, as well as other factions.

On the surface, this would seem to create a split in the Duma that the Yeltsin/Chernomyrdin faction should be able to exploit. In fact, there is a much closer bond between the Communists and the nationalists than one

might think. Indeed, it is this commonality of interest that brings us to the end of the new world order.

The Communist Party speaks for the lost Russia. It was a Russia of relative poverty but not of the utter misery that has gripped most of Russia since the collapse of the Soviet Union.

More importantly, Russia was a land in which the misery was shared, on the whole. The fantastic gap that has opened between a tiny oligarchy of wealthy men, who have used the new regime to enrich themselves, and the masses, who can barely feed themselves, powers the Communists' claim that, as bad as the past might have been, at least it was better than the present.

Thus it is the Communists who have been pressing Mr. Yeltsin to reject the demands of the IMF and the West that economic reforms be maintained and even expanded. Arguing that Western help hurt Russia, and also that no further help is being offered anyway, the Communists are demanding that reforms be rolled back. They want to renationalize the economy, impose wage and price controls, reinstate central planning, and end the convertibility of the ruble. In other words, they want to return to the status quo ante.

Implicit in the Communist position is a rejection of the assumption that Russia's salvation lies with the West. This technical anti-Westernism among the Communists is reinforced by the visceral anti-Westernism of Mr. Zhirinovskiy's Liberal Democrats, the third largest party in the Duma.

For Mr. Zhirinovskiy and other nationalists, the economic disaster is coupled with a geopolitical disaster. Under communism, Russia was a superpower, with standing equal to that of the United States. Today Russia is seen as a vassal of the United States, with any deputy assistant undersecretary of anything having the right to lecture and scold Russia's leaders as if they were schoolchildren.

Even more infuriating, the great Russian empire was given away, in return for nothing. Not only Eastern Europe but also the Baltics, Ukraine, Central Asia and the Caucasus were lost. Even parts of Russia itself, like Chechnya, can barely be contained.

The economic anti-Westernism of the Communists combines with the geopolitical anti-Westernism of the nationalists to create a powerful ideology that used to be called Stalinism. Central planning together with powerful internal controls and a deep sense of the geopolitical interests of the Soviet Union

was, after all, Stalin's greatest achievement.

Personalities aside, this Stalinism will now re-emerge, as it is the only logical outcome of the current situation. Because no meaningful Western help is possible, and mild internal reforms cannot possibly contain the situation, power will devolve to the Communists and nationalists.

The logical bridge between the two is Alexander Lebed. My company wrote in its forecast for 1997: "If the Westernizers surrounding Yeltsin manage to squeeze Lebed out or into irrelevancy, they will have sown the wind. The whirlwind will be a counter-revolution of epic and bloody proportions. If Lebed is given room to maneuver, he may manage a restoration that keeps the vestiges of democracy and capitalism alive. In either event, liberal democratic capitalism in Russia will fail in 1997 — and its replacement will be the traditional Russian alternative to Westernizing businessmen and intellectuals: xenophobic, Slavophile bureaucrats and policemen."

We were premature on our core prediction. Mr. Lebed was forced out. The whirlwind is at hand.

It is therefore time for the West in general, and the United States in particular, to begin defining a post-reform policy toward Russia.

Russia's foreign policy will be eminently clear — first, and above all else, reclamation of the old Soviet borders.

The key to this, of course, is Ukraine. Russia is already in a close confederation with Belarus, and the reintegration of Ukraine is thus critical. Here the Bush-Clinton obsession with Moscow's nuclear weapons will cost the West dearly. Rather than strengthening Ukraine to resist re-emerging Russian imperialism, Washington focused on strengthening ties with Moscow, hoping to encourage reform. This has left Ukraine vulnerable to Russian pressure. It will not be able to resist.

It is the West's good fortune that recovering the Soviet empire will take the Russians a generation. But that process leaves the West with critical decisions to make. The United States has made massive investments in Central Asia. To what extent will the United States resist Russia's return? Will it extend NATO protection to the Baltics? If not, what policy does the United States propose?

Iran and Turkey will both oppose Russia's return to the Caucasus. What will U.S. policy be? If the Russians become more assertive, should NATO be further expanded to include utterly strategic Slovakia? If not, should it

attempt to include Poland and Hungary, or are they too exposed?

And then there is the return of the abysmal and eternal German question: Should the United States shoulder the burden of defending Europe again, or should Germany be forced into that role, recreating the problem that has burdened Europe ever since German unification in the 19th century?

Fortunately, Russia's strategic position is such that it will not readily return to global empuce. Many Armenians, Lithuanians and Uzbeks will have to die before that comes.

But even a regional imperialism by Russia poses a critical question to which Madeleine Albright and Sandy Berger appear not to have given any thought: What is U.S. policy on a thousand issues if Mr. Yeltsin falls and, for example, Mr. Lebed takes power?

The new world order assumed that political and military questions were now marginal. Therefore, strategic planners in the Clinton administration, which inherited and celebrated the strategic legacy of the Bush administration, continue to ignore these questions in favor of familiar issues like IMF bailouts and reforms.

These issues are closed as far as Russia is concerned. Mr. Clinton does not seem to realize it. Critical questions are being ignored in favor of a fantasy: that the Russian experiment in economic liberalism is not yet dead.

Mr. Clinton's recent visit to Russia had all the makings of a disaster. First, he met with a political corpse, and may have angered the leaders who already usurp power in every sense but the official. Second, he discussed economic issues that can no longer be managed, rather than posing the difficult political and military questions that now frame Russia's relations with the world.

The new Stalinism cannot be stopped. Communists and nationalists will form a coalition to govern Russia, sooner rather than later. They have a very different agenda from that of the outgoing regime. Mr. Clinton's summit made no sense, save that he believed that the economics-centered new world order could still be saved.

We expect that he met with Mr. Lebed and others. But what was he going to say to them? What was America's strategy? Thus far, it appears to be to avoid the obvious and to pretend that what is impossible can happen if we close our eyes and wish real hard.

The writer is chairman of Stratfor Systems, which provides forecasting to corporations. This comment has been adapted by the International Herald Tribune from a longer newsletter.

Corruption: Facing the Seamy Side of Economic Failure

By Flora Lewis

MARRAKECH, Morocco — The taboo word "corruption" is now front and center at international conferences on development, no longer the dirty word that no one is prepared to speak. This is a notable advance, because it is leading to some practical exchanges on how to deal with it.

The spreading economic crisis — East Asia, Russia, Latin America, perhaps Wall Street — has everyone worried. But the slogging effort to promote development is going on, with the same insistence that it depends on attracting investment. Abandoning globalization is not one of the many lessons to draw from collapsing regional markets, was the conclusion at a meeting here.

It was the second Mediterranean Development Forum, sponsored by the World Bank

and 10 think tanks in the area, with the idea of giving experts in the South a better chance to compare experiences and speak to each other, as well as to talk back to the hectoring North.

Some 450 people from 40 countries were present. They were neither big businessmen nor top officials but the kind of people who do the research and study the specifics underlying grand theories.

They were prepared to be blunt about why the Middle East-North Africa region is lagging behind some other parts of the world in economic growth, and they don't see crashing, as some "miracle" economies have done, as a reason to avoid pushing forward.

Rather, to a large extent, the focus was on reinforcing and

assuring gains by broad public participation and better governance. The view was that open societies are better able to weather economic storms.

"Decentralization" and "transparency" are the jargon words now, and they mean promoting civil liberties and accountability, which are both in short supply in the area.

One careful study showed that countries which permit strikes and demonstrations do not suffer the expected setbacks but rather do better with investment projects than those with a firm surface stability achieved by repression. Tolerating "public expression of social tensions" turns out to be an economic plus.

Corruption is recognized as a severe economic as well as so-

cial malady, and the arguments that it "greases the wheels" or "is part of the culture," or that "everybody does it," were roundly rejected. It is just that corruption is hard to fight when interests and habits are so deeply entrenched. But it can be done.

Ronald McLean Abaroa, a former mayor of La Paz, Bolivia, told how he turned around an impossible situation in his city in a couple of years and went on to be elected to four terms. "Start in your own house, your own party," he said. "Tackle the easy problems first," to show early success and raise confidence. "Fry the big fish," to show that you mean it. The audience was rapt.

Farida Allaghi, who identified herself as a director of the Arab Gulf Program based in Riyadh but turned out to be a Libyan exile, rose to make an impassioned response about the need she sees for such programs. She is 51, American-educated and the mother of two daughters, she said afterward. And "I am angry."

She said she had no trouble functioning as a woman in Saudi Arabia, although she does refrain from driving a car and wears a veil there. "It's a local custom, like an Indian woman in a sari. It doesn't bother me." But she was bothered by the question whether she would have dared to make the same public statement of contempt for

the way things work if she were back home. She didn't answer.

Daniel Kaufmann of the World Bank offered a long, detailed study of practical ways to go about fighting endemic corruption, including the necessity of penalizing both the givers and the receivers of bribes.

The OECD, representing the world's industrial states, has agreed that its members should stop allowing tax deductions for bribes paid to do business abroad, and make the payments a crime. That, said Mr. Kaufmann, "is the easier first stage." He suggests incentives for honesty through business associations and lighter penalties for the party involved in a corrupt transaction who reports it first.

Nobody has been able to add up the real cost of corruption to the world's economy, but it is well known that countries which ought to be rather like the Congo and Nigeria, are dead poor and getting nowhere, while countries like Russia and Indonesia have billionaires shoveling money abroad and starving millions.

It is not really true that the market does not care where the money goes so long as it can be made. The current crises, and the laggards and failures, show that corruption supported by autocracy can make a big difference. Fighting it is a serious way to promote development.

Flora Lewis

Two Scenarios for Indonesians

By Jusuf Wanandi

JAKARTA — Despite some respite in the form of foreign aid, Indonesia remains in severe difficulty. The crisis is compounded because it is political as well as economic.

The economic problems are grave. The huge debts of private corporations must be resolved, and the banking system, which has practically collapsed, must be restructured. Meanwhile, the economy of the world's fourth most populous nation is shrinking rapidly.

Developing social safety net programs to provide emergency food and jobs to alleviate the impact of unemployment and poverty affecting millions of people is a major challenge.

In a recent joint declaration, 15 prominent Indonesian economists warned that the government of President B. J. Habibie cannot overcome the crisis because it does not have a coherent and consistent policy, and lacks the necessary leadership.

Many regard the Habibie administration as an extension of the regime of former President Suharto. As a result, there is a loss of confidence in government and in the military, which is blamed for abuses of power during Mr. Suharto's 32-year rule. This has led to a situation in which disorder can readily erupt, with severe implications for the economy.

What is likely to happen next? One possibility is that Indonesia will embark on real political reforms following the special ses-

sion of the People's Consultative Assembly scheduled for November. This process could be strengthened by the general election due in May.

Another possibility is that the political and economic situation will continue to deteriorate, and the government will be unable to arrest the downward spiral. In such a situation, power will have to be transferred to a transitional government that would remain in office until the elections are held.

Whatever happens, Indonesia needs to start formulating a long-term national strategy. The structure of the economy is likely to change. The large business conglomerates, mostly run by Indonesian Chinese, will no longer be dominant. They are heavily indebted and will be unable to overcome their difficulties on their own. Many will go bankrupt, or be taken over by foreigners or the state.

It will take some time before Indonesians, both indigenous and ethnic Chinese, become big players again. The role of Indonesian business will be largely confined to medium- and small-scale enterprise. Current efforts by the government to strengthen cooperatives will not be successful unless they are totally reformed.

Indonesians must accept the fact that in the medium term the economy will be dominated by

foreign companies and capital. Attention should not be focused on the issue of ownership. Rather, it would be better to devise policies to induce foreign investors to create jobs, and enhance productivity and skills in the economy.

In the end, inclusive growth, in which all groups in society benefit from development, is key to a successful development strategy.

In the political arena, the trend is toward a more democratic and open society. There cannot be a return to the repressive political system of the Suharto regime. Pressures from the people for reform are too strong.

New political parties that advocate change are emerging, and the future political role of the armed forces will be limited. The challenge will be to ensure that the desire for freedom is translated into real and sustainable democracy.

If Indonesia becomes a more democratic nation, it will have a positive impact on the rest of Southeast Asia. It would also mean that the Association of South East Asian Nations would have to become a more open and creative regional organization.

The writer, chairman of the supervisory board of the Center for Strategic and International Studies in Jakarta, contributed this comment to the International Herald Tribune.

1898: Empress Slain

GENEVA — The Empress of Austria was assassinated this afternoon (Sept. 10) by an Italian anarchist. Her majesty left the Hotel Beau Rivage, and was walking to the steamer landing stage when a man suddenly struck her to the heart with a stiletto. She was first taken on board a steamer and then conveyed on an improvised litter to the Hotel Beau Rivage.

1923: German Cook

BERLIN — On the plea of German housewives, a unique monument will be set up to Fraulein Henriette Davidi, "Mother of German Cooking." She was the author of the most famous cookery book and the inventor of the majority of German delicacies. Her house had been preserved for years until the site was requisitioned for the construction of a railroad

elevation. After a national campaign by women the State Railroads consented to construct a crossing where the house stood. The stove on which she tried her famous recipes will be embedded in the sandstone abutments, together with a bronze label bearing the praises of her epicurean countrywomen.

1948: U.S. in Korea

PARIS — [The Herald says in an Editorial:] Korea is one area where pure military strategy dictates a withdrawal of American troops. Yet there can be no question that withdrawal of the garrison at this time would make a fiction out of independence. The ability of the fledgling nation to withstand an onslaught of the Communist-trained gendarmes from North Korea is extremely doubtful. That is why American troops have remained in the south so long, as a sort of symbol to guarantee Korean integrity.

Herald INTERNATIONAL Tribune
ESTABLISHED 1887
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen of the Board
PETER C. GOLDMARK JR., Chairman and Chief Executive Officer
RICHARD WOOLDRIDGE, President and Chief Operating Officer
MICHAEL GETTLER, Executive Editor
• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor
• KATHERINE KNORR and CHARLES MITCHELLMORE, Deputy Editors • SAMUEL ARB and CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages
• JONATHAN GAGE, Business and Finance Editor
• RENÉ BONDY, Senior Vice President and Chief Financial Officer
• DIDIER BRUN, Circulation and Development Director
• STEPHEN DUNBAR-JOHNSON, Advertising Director
Director of the Publication: Peter C. Goldmark Jr.
International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10. Advertising, (1) 41.43.92.12. News, (1) 41.43.92.38.
Internet address: <http://www.ihtrib.com> E-Mail: ihtrib@ihtrib.com
Editor for Asia: Michael Richardson, 5 Convent Road, Singapore 11000. Tel: (65) 472-7768. Fax: (65) 274-2334
Mng. Dir. Asia, Nigel I. Oatman, #1201, 191 Jena Road, Hong Kong. Tel: 852-2922-1188. Fax: 852-2922-1190
Gen. Mgr. Germany: T. Schöber, Friedrichstr. 15, 10233 Frankfurt/M. Tel: +49 69 971230-0. Fax: +49 69 971230-20
Pres. U.S.: Ann Bloomberg, 180 Third Ave., New York, N.Y. 10022. Tel: (212) 753-3800. Fax: (212) 753-4755
U.K. Advertising Office: 63 Long Acre, London WC2E. Tel: (171) 836-4802. Fax: (171) 240-2254
S.A.S. au capital de 1.200.000 F. RCS Nanterre B 752021726. Commission Paritaire No. 61337
© 1998, International Herald Tribune. All rights reserved. ISSN: 0294-8052

OPINION/LETTERS

Let Clinton Stay Clinton,
And Let's Quit Whining

By William Safire

WASHINGTON — Nervous Nellie candidates, hand-writing opinion-mongers and parents doing a national slow burn should stop calling on President Bill Clinton to resign. Quitting under 36 boxes of evidence is not The American Way.

Nor is it in Bill Clinton's character. The most authentic moment of his presidency was his defiant assertion last month of wrongdoing and victimhood. With no phony lip-biting or spurious apology, he delivered his essential message: I regret that I was caught, but it's my private life so get over it.

That true baring of his soul was soon inundated by leaks from his frustrated speech writers of their rejected draft, which expressed sorrow and apologized to all, including Monica.

His stalwart wife had rejected such self-flagellation. Let Clinton be Clinton, advised Hillary, and the nation got a four-minute glimpse of the real man reading his own words and legal evasions. In return the president, with unmarked gallantry, pretended to have lied to his wife for seven months, thereby giving cover to her conspiracy defense when they thought the charges could not be "proved true."

Now the summer soldiers and sunshine spinners of his White House are demanding repeated repentance and the upward calibration of contrition so that at least the Democratic base will forgive.

But faded remorse demands the office and earns no absolution. Let Clinton stay Clinton. Let him stick with his "defensible" defense, play on the distaste of Americans at sustained self-abasement by their leader and make clear that resignation is not an option no matter what embarrassment the Starr revelations bring.

Why this from a pundit who has been railing for two years that Mr. Clinton stole the 1996 election with illegal Asian-connection money?

Some will say my perverse support is rooted in a desire for a president to be twisting in the wind during the fall campaign, damaging Democrats who fail to denounce him.

Others may attribute it to a partisan concern that Al Gore, global-warming the presidential chair, would win election by acting against Iraq and North Korea.

Still others will say opponents

of resignation long for an inactivist executive branch, devoid of a spending agenda, too weak to deny Congress's tax cuts to the deserving nouveaux riches. Another ulterior motive: We may await the spectacle of a parade of wronged or ill-used women being savaged by Judiciary Committee Democrats, with psychic wounds later dressed by a fatherly Henry Hyde.

No, Virginia, your little friends are wrong, affected by the cynicism of a CNN-ical age.

President Clinton should stay right where he is because the people elect presidents directly for a fixed term of four years. Our decision cannot be reversed by a parliamentary vote of no confidence. Resigning — even entertaining the idea on the excuse of the appearance of paralysis to the world — weakens the office and undermines the system.

That system, as we have seen, can take a lot of punishment. If the 36 boxes of evidence that Ken Starr delivered Wednesday go beyond sexual misbehavior to show a pattern of abuse of power, the House will publish as much as decency permits and begin its impeachment inquiry.

We will have an undisturbed midterm election. The next Congress will hold its open hearings and do its duty. If President Clinton remains in office, we will examine a new independent counsel's evidence of far greater abuse of power in the stolen '96 election.

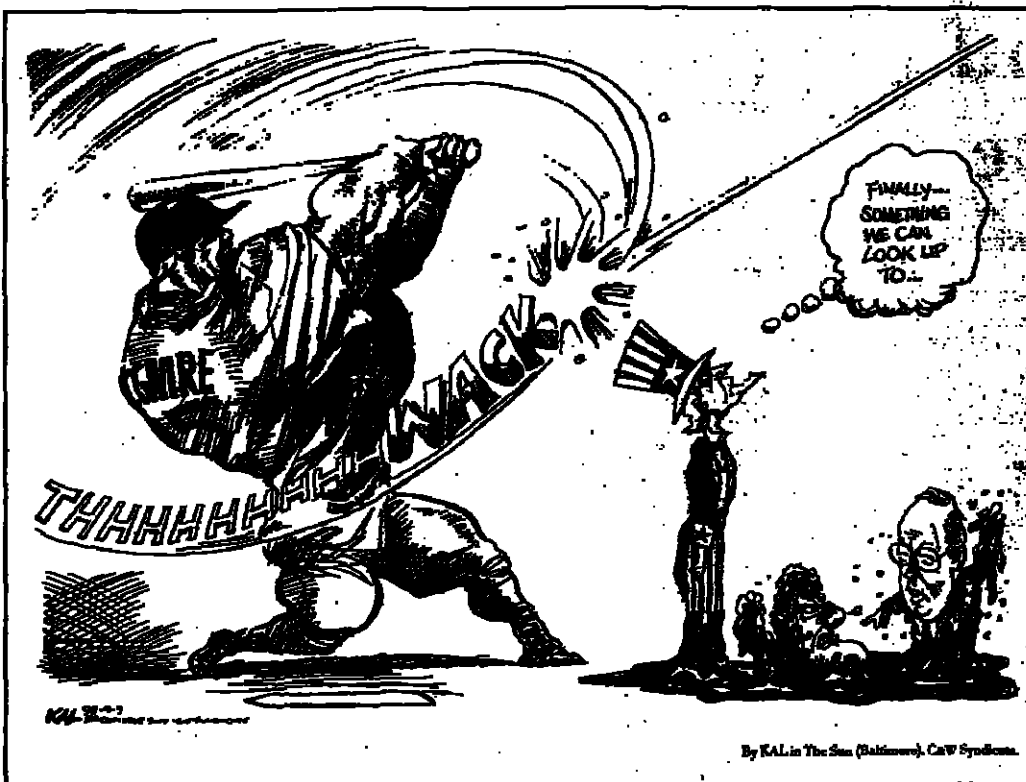
Meanwhile, Bill Clinton is the fully empowered president. He will light the national Christmas tree, give the State of the Union address and respond to national security threats. Just as in the armed forces, where the uniform and not the person rates the salute, Americans will continue to respect Mr. Clinton the president no matter what they think of Mr. Clinton the man.

After years of contemptuous stonewalling, followed by months of salacious lip-smacking, a sense of solemnity is settling over the capital. Impeachment is too profoundly political for politics.

Our elected officials and press and public can digest and act upon the Starr report while running the country and leading the world.

Nobody flinches; nobody rushes; nobody quits.

The New York Times.



LETTERS TO THE EDITOR

About Clinton

As a citizen of Ireland I was incensed by the U.S. media during President Bill Clinton's recent visit here. It appeared the media had no interest in the historic role the American president has played in helping to broker a peace agreement for Northern Ireland. They seemed interested only in the president's sexual encounters with Monica Lewinsky.

It is embarrassing for the United States that its media are allowed to circle the president like vultures biding their time to pick the flesh from his bones.

I am left with a question. What is more immoral: an illicit liaison between two consenting adults, albeit in the Oval Office, or \$40 million spent on what appears to be the deliberate assassination by inquiry of one of the most capable and intellectually brilliant presidents in U.S. history?

We in Ireland owe President Clinton an enormous debt of gratitude.

DON MULLAN,
Dublin.

Regarding "The Right to Be Left Alone: Crucial for Civilized Life" (Opinion, Sept. 9) by Anthony Lewis:

This is an embarrassing time to be an American overseas, and Mr.

Lewis's comments are hardly helpful.

His attitude toward President Clinton's peccadilloes is, wrongly, that they are a matter of private, not national, concern. Mr. Lewis's comment that it is Kenneth Starr, the independent prosecutor, who has damaged the presidency is also outrageous.

I wonder if my wife would accept such an argument: "It's not my misbehavior that's caused this trouble; you're the one destroying our marriage by asking too many pointed questions."

MARK E. RUDOLPH,
Bonn.

The Republicans shut down the U.S. government in 1995 and it backfired on them. Now they are trying to shut down the presidency.

ALICE SEDGWICK WOHL,
Colares, Portugal.

If Kenneth Starr's report only confirms what everyone already knows and focuses on lurid details about sexual improprieties by the president, Mr. Starr and his fanatical supporters may cause a voter backlash against the Republicans in November. He has conducted the most absurd investigation since the inquisition.

PETER M. LUTTERBECK,
Lugano, Switzerland.

Muslims and Terrorism

Regarding "Muslims in U.S. Report Progress in Battling a Catchall Terrorism Label" (Aug. 29):

Oklahoma City and Northern Ireland, among too many other places, prove that all terrorists are not Muslims. The vast majority of Muslims are certainly not terrorists.

Terrorism's real victim is an open, global society. Most of the world is part of this society or aspires to become part of it. Terrorists, no matter what their origin or stated aims, are enemies of this society. They must have no place to hide.

The pertinent question is, are Muslims willing to strongly denounce and help bring to justice all terrorists, even if they are Muslim?

The hate-filled demonstrations in Pakistan after the U.S. bombings of Muslim terrorist sites in Afghanistan and Sudan make one wonder.

The media blitz from various Muslim organizations to counter Muslims' negative image in the West will do little. An effective effort to eliminate terrorists and their bases would do much more.

GERALD C. HARDY,
Manchester, Connecticut.

Thinking About Karma
In the Heights of Nepal

By Paul Spencer Sochaczewski

LO-MANTHANG, Nepal — Trekking in the mountains of Nepal is a fine way to solve the world's great dilemmas.

Gasping for breath in the rarefied air at 4,500 meters (14,765 feet), I solved Bill Clinton's Monica Lewinsky problem (it involves his conversing to Islam). Then I solved the Southeast Asian finan-

cial crisis, by Exxon's taking over Indonesia, on a long-term management contract.

Obviously, the spiritual vibes of Mustang, a remote corner of Nepal near Tibet that has been open to foreigners only since 1992, were working their magic.

Things got really philosophical while I watched the rarely seen Tiji festival, a three-day ceremony held in Mustang's capital of Lo Mantang, in which masked monks exorcise demons.

I asked my friend Tashi if he could solve mankind's greatest enigma — Freud's "What do women want?" He had no idea, and said the answer was destined to remain as elusive as Shangri-la and the yeti.

So I tried an easier question. "Tashi, what's the meaning of life?" Tashi is a devout Tibetan Buddhist. For him, life is a nearly endless loop, where ungraceful actions in your past generally come back to haunt you.

Tashi explained his spiritual operating system. "Do whatever you can according to your capability," he said. "The more you help people now, the better it will be in the next life. Believe in God. Meditate."

I have a different philosophy, which I explained as we watched monks in golden silk brocade perform their dances in Lo Mantang's dusty central square.

"Tashi, you're making it too complicated," I said. "Basically life really is a beer commercial. You're only sure of going around once, so make the most of it." But Buddhists, like the followers of many other religions, believe that life is suffering.

Tashi, 40, is stocky, a bit soft from the city life in Kathmandu. His dark Mongol features open into a wide smile. He is a bit of a saint, devoting much of his time to finding educational sponsorships

for poor rural Nepalese and Tibetan refugee children.

These good works are particularly inspiring since Tashi himself has had more than his share of tough breaks. His family fled Tibet just before the Chinese invasion. He lived much of his early life in refugee camps. He never went beyond the ninth grade. His son has cerebral palsy.

I asked him whether anything could be done to help the boy.

"It's our karma," he said. "My wife and I might have done bad things in a previous life, and our son might have done worse things."

Tashi added that he had gone to see the Dalai Lama's doctor in Dharamsala, in India, who confirmed a diagnosis of bad karma but nevertheless suggested that the boy take some medicine.

We shifted into a discussion of the aid organization that Tashi runs, called the Himalayan Children's Foundation. Through this group I sponsor the education of Tsering Wangmo, an 11-year-old Tibetan refugee girl.

She is a great kid. Bright eyes, a little shy, cute as can be. She writes me letters that break my heart.

Once she sent a poem: "King love Queen. Queen love baby. Baby love milk. But I love you."

Was it her karma to meet me through Tashi and get the education that might lead to a more successful life? Was it my karma to meet Tashi when two Canadian friends stopped by my house in Switzerland one morning to invite me on a bike ride with this friendly man from distant mountains? Was it Tashi's karma to have a handicapped son and devote his life to helping others?

Tashi has no doubts about his belief. "If you do good things, you will get good things," he said. "If you plant rice you get rice."

Do I understand any of this? Of course not. Pass me a beer, will you, while I read Tsering Wangmo's latest letter.

"Many years gone I will be a good and best and intelligent girl in the world," she wrote, adding, "That's all for today."

The writer, who is based in Switzerland, contributed this column to the International Herald Tribune.

BOOKS

STEAL THIS DREAM
Abbie Hoffman and the
Countercultural Revolution
in America

By Larry Sloman. Illustrated.
437 pages. \$27.50. Doubleday.

Reviewed by Wilborn Hampton

OF all the young rebels with or without causes who marched, chanted, tripped and protested their way through the 1960s and '70s, none was more of an enigma than Abbie Hoffman, a nice Jewish boy from Worcester, Massachusetts, who flung his way to the front lines of every battle fought during those turbulent years — from the civil rights campaign to the drug and sex revolution to the antiwar movement.

In "Steal This Dream," Larry Sloman attempts to piece together a rough mosaic of Abbie Hoffman through the reminiscences of a battalion of friends and foes alike — classifications that often became blurred over the years.

In his exhaustive research, Sloman interviewed more than 200 people who knew Hoffman and has attempted to turn their recollections into an oral history. In fact, "Steal This Dream" reads more like a sound-bite history, since few of the voices speak much more than a sentence or a paragraph at a time. But since Hoffman virtually invented the sound bite, it somehow seems suitable.

In the beginning this staccato approach leaves the reader feeling as if he has wandered into a reunion of hippies who are all trying to talk at the same time. But as one grows used to it, the style becomes apt for portraying a generation that thrived on confusion and contradiction.

Who was Abbie Hoffman and what made him run? As Sloman demonstrates, if you ask 210 people you get at least 210 different answers.

Jerry Rubin: "If you were going to a demonstration... Abbie would be the

one bringing the ice cream."

Norman Mailer: "Abbie was a serious man."

Sal Gianetta (a friend): "He was cuckoo."

His mother: "He was brilliant, just brilliant."

The book follows Hoffman's life in chronological order, starting with his family and classmates from high school, Brandeis, Berkeley; it trails him from his first demonstration (against the execution of Caryl Chessman), at San Quentin and his first riot (in San Francisco) back to Worcester and on to New York, where it was all happening, baby.

The opening skirmishes were being fought in what would become known as the countercultural revolution (read sex, drugs and rock-and-roll), and the rebel headquarters were in the East Village in Manhattan. Hoffman and his comrades formed the Youth International Party (call them Yippies) to oppose the Vietnam War. The problem was how to get the word out to rally the nation's youth. Hoffman figured that television could deliver the message free, straight into the living rooms of America.

Nobody knew how to get on television better than Hoffman. As he explained to a friend: "See, like at 7:26, after they've done all the heavy stuff, they gotta have a sign-off piece, something cute and weird and wacky and whimsical. So I know we can't get on at 7:03. That's Johnson's time. But we could get on at 7:26."

Among the weird and wacky and whimsical stunts that Hoffman helped stage were throwing dollar bills onto the floor of the New York Stock Exchange and watching the traders scramble for them, the protest march in Washington at which chanting hippies tried to "levitate" the Pentagon and a "Yip-in" happening in New York's Grand Central Terminal that turned into a melée.

But they were dress rehearsals for what was originally billed as a Festival of Life, a mass protest against the Vietnam War,

to be held in Chicago during the Democratic National Convention in 1968.

The best part of "Steal This Dream" is the section dealing with the Chicago riots and the subsequent trial of the protest organizers, who came to be known as the Chicago Seven (or Chicago Eight, depending on whether you included Bobby Seale on the same scorecard). It is a gripping account of one of the most bizarre episodes in the country's political history, told by those who were on the barricades. The pandemonium in the streets of Chicago was matched only by the confusion among the protest's organizers.

Hoffman and Rubin, for example, had a falling out and stopped speaking to each other.

If the Democratic Convention ended in chaos, it was nothing compared with the trial that was to come. Hoffman wanted to turn the trial into theater, showing via television coverage the bankruptcy of the American judicial system. Other defendants disagreed, and they argued over strategy. William Kunstler recalled: "When they were charged with conspiracy, Abbie said, 'Conspiracy? We can't even agree on lunch.'"

The last third of the book follows Hoffman through his feeble attempts at being a family man, his arrest for drug dealing and his own years on the run from the law to his later campaigns for environmental issues and his suicide in 1989 at age 52.

If there is a complaint about the book, it is that Sloman assumes that readers will readily recall events and names that didn't even grab that many headlines 30 years ago. Yet in focusing on Abbie Hoffman, the one unreconstructed radical among the lot, Sloman succeeds in turning "Steal This Dream" into a surprisingly rich and detailed panorama of a movement that helped stop a war, bring down a president and, for better or worse, change the social fabric of the nation.

New York Times Service

BRIDGE

By Alan Truscott

The top-seeded American team, headed by Nick Nickell of Manhattan, was ousted from the Vivendi Rosenblum World Championship.

His team, which includes Dick Freeman, Bob Hannan, Paul Soloway, Jeff Meckstroth and Eric Rodwell, lost by 48 tips to a Swedish group that calls itself Team Magic and lived up to its name.

Only two American teams made it to the round of 16: Bart Bramley and his squad won by 7 against a Dutch team: George Jacobs and his team won by 30 against another Swedish team.

In the Louis Vuitton Mc-

Connell Cup for women's teams, three American teams, headed by Gail Greenberg, Carol Sanders and Sue Picus, reached the quarterfinals.

The top-ranked Canadian team, led by George Mittelman, clashed in the Rosenblum with Bramley and his squad, which had barely survived the qualifying stage. An exciting first deal, shown in the diagram, put Bramley on the road to an easy victory.

Sidney Lazard as North had the rare experience of making a natural nonforcing bid of a new suit at the seven-level. Bramley as South bid seven hearts and realized just too late that he would have been wiser to bid seven diamonds, leaving his partner to

choose between the major suits.

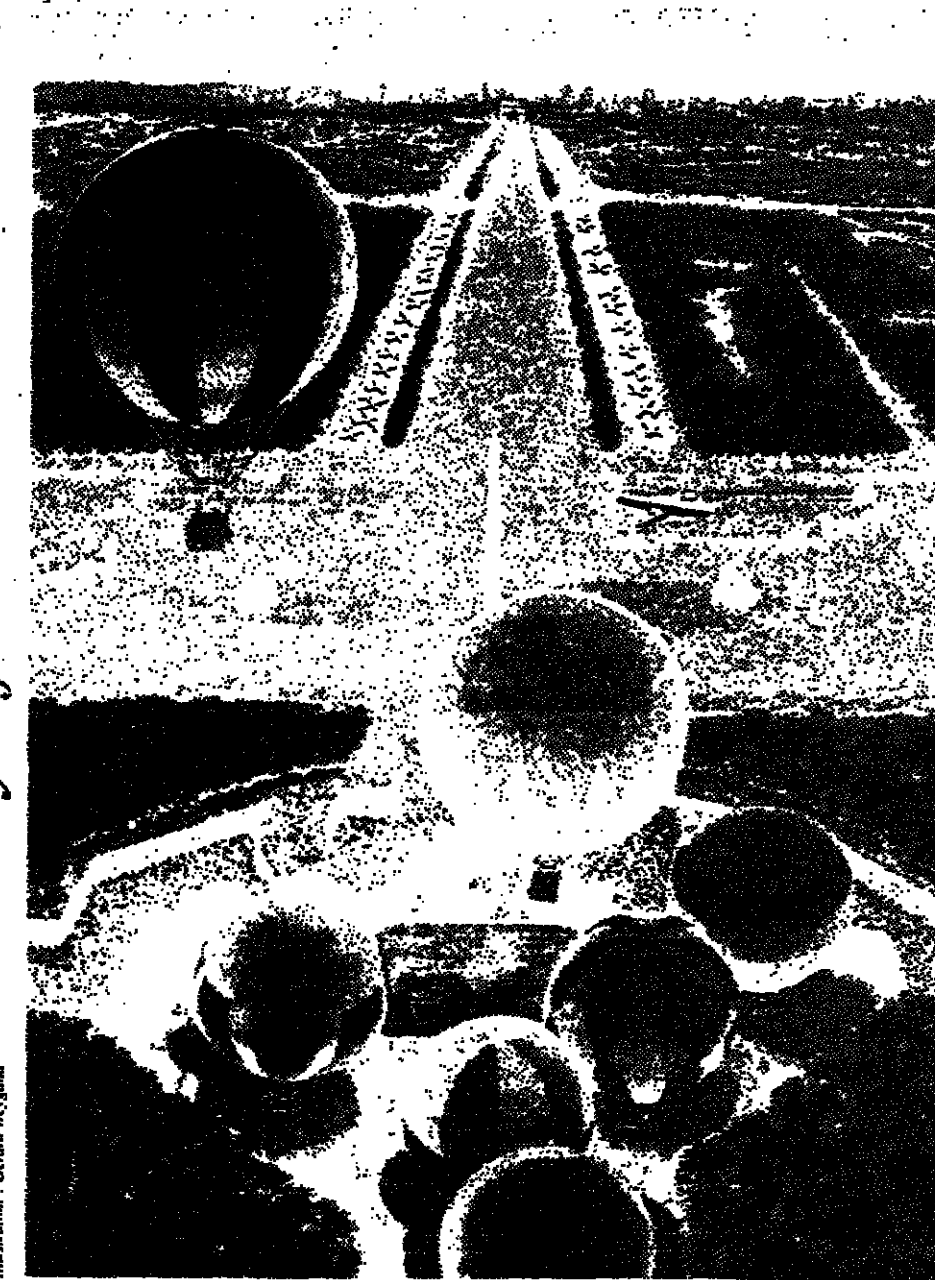
In seven hearts, the trump queen represented an obvious problem. Bramley won the diamond lead with the ace and led the heart jack. He would have been left thinking if East had played low, but the queen was played. That would have been necessary if West had held the ten, but as it was the declarer had no trouble in making his grand slam.

In the replay, the Canadians reached seven spades, in theory fractionally superior. This could have been made by establishing clubs, but was defeated in practice. The Bramley team won 17, somewhat luckily, and was headed for victory.

| | | | | | |
|------------------|--|------------------|--|-----------|--|
| NORTH | | WEST | | EAST (D) | |
| ♦ K 10 8 4 3 | | ♦ J | | ♦ 9 7 5 2 | |
| ♥ J | | ♥ 7 2 | | ♥ Q 9 4 | |
| ♠ A 5 | | ♠ J 10 9 8 4 3 2 | | ♠ K Q 8 7 | |
| ♣ A K 8 6 3 | | ♣ Q 9 2 | | ♣ 10 7 | |
| SOUTH | | NORTH | | EAST (D) | |
| ♦ A Q 6 | | ♦ A Q 6 | | ♦ 9 7 5 2 | |
| ♥ A K 10 8 9 5 3 | | ♥ A K 10 8 9 5 3 | | ♥ Q 9 4 | |
| ♠ — | | ♠ — | | ♠ K Q 8 7 | |
| ♣ J 5 4 | | ♣ J 5 4 | | ♣ 10 7 | |

Neither side was vulnerable. The bidding: South West North Pass 10 30 24 Pass 50 60 Pass 74 Pass 70 Pass Pass

West led the diamond jack.

42nd Gordon Bennett Cup
Century of Aviation

September 12, 98 • Tuileries Gardens • Paris

Take-off of the « Gordon Bennett Cup »

This year Paris is the site of the world's most prestigious gas balloon race.

• First day cover issue of « Aéro-Club de France 1898-1998 » stamp and Saint-Exupéry's « Le Petit Prince » 5-stamp sheet.

• 7PM Take off of « La Poste » balloon with letters mailed on site.

• 8PM Inflating of gas and tethered hot-air balloons.

• 11PM Take off of the 22 Gordon Bennett Cup competitors.

September 10-27, 1998 • on the Champs-Élysées
« Champs d'Aviation » Exhibition

A unique look back over a century of aviation featuring 58 aircraft, plus objects and accessories.

هكذا من الأمل

INTERNATIONAL

Iraq Vows Stern Rebuff To UN's Embargo Vote

'Decisive Action' Forecast to End Sanctions

Agence France-Press

BAGHDAD — Iraq vowed Thursday to take "decisive action" against the United Nations after the Security Council prolonged economic sanctions indefinitely as a way to punish Baghdad for halting UN arms inspections.

The newspaper Babel, controlled by Uday Hussein, President Saddam Hussein's son, said the time had come for Iraq to take the initiative and to force the UN Security Council to lift its embargo, imposed after Iraq invaded Kuwait in 1990.

"We need to undertake decisive action and not just to react," the paper said.

Babel stressed that the Iraqi lead-

ership "must choose the timing of a confrontation and take the initiative in battle and not play on their own ground."

In unanimously passing a resolution backed by Britain and the United States on Wednesday, the 15-member Security Council, in effect, extended the sanctions indefinitely.

It unanimously adopted Resolution 1194 canceling a scheduled sanctions review in October and suspending its regular bimonthly review until Iraq rescinded an Aug. 5 decision freezing cooperation with UN arms inspectors.

Babel said the resolution came as "no surprise."

Baghdad, it said, was "convinced the embargo will be kept in place so long as the UN and U.S. do not feel the negative effects of continued sanctions and until they understand they will start to lose points instead of notching them up."

The sanctions cannot be lifted until the UN Special Commission, overseeing disarmament, certifies that Baghdad is free of weapons of mass destruction.

Baghdad warned for weeks ahead of the Security Council vote that it would take "decisive measures" if the sanctions reviews were suspended, but it has not issued a specific threat.

The Iraqi Parliament, meanwhile, has proposed that Baghdad sever all links with the United Nations Special Commission, which has been allowed to proceed with routine monitoring despite the Baghdad ban on intrusive inspections.

Coinciding with the new Security Council resolution, Prakash Shah, Secretary-General Kofi Annan's special envoy, returned to Baghdad on Thursday. He ruled out a mediation mission to Baghdad by Mr. Annan.

■ U.S. Stresses 'Message'

Barbara Crosse of The New York Times reported earlier from the United Nations headquarters in New York:

Peter Burleigh, deputy U.S. chief delegate to the United Nations, said Thursday, "We're hopeful that the Iraqi leadership will get the message that a unanimous council has sent them. There's an urgent need for Iraq to change its policies and come back into compliance."

The resolution calls for a complete review of Iraqi relations with the United Nations, but not until the arms inspectors of the UN Special Commission and the International Atomic Energy Agency are allowed to resume work.

The council asked Secretary-General Annan — who proposed the review, to the consternation of some members — to explain what he had in mind.

Iraq's envoy to the United Nations, Nizar Hamdoun, said Iraq would consider any and all options in response to the freezing of sanctions reviews.

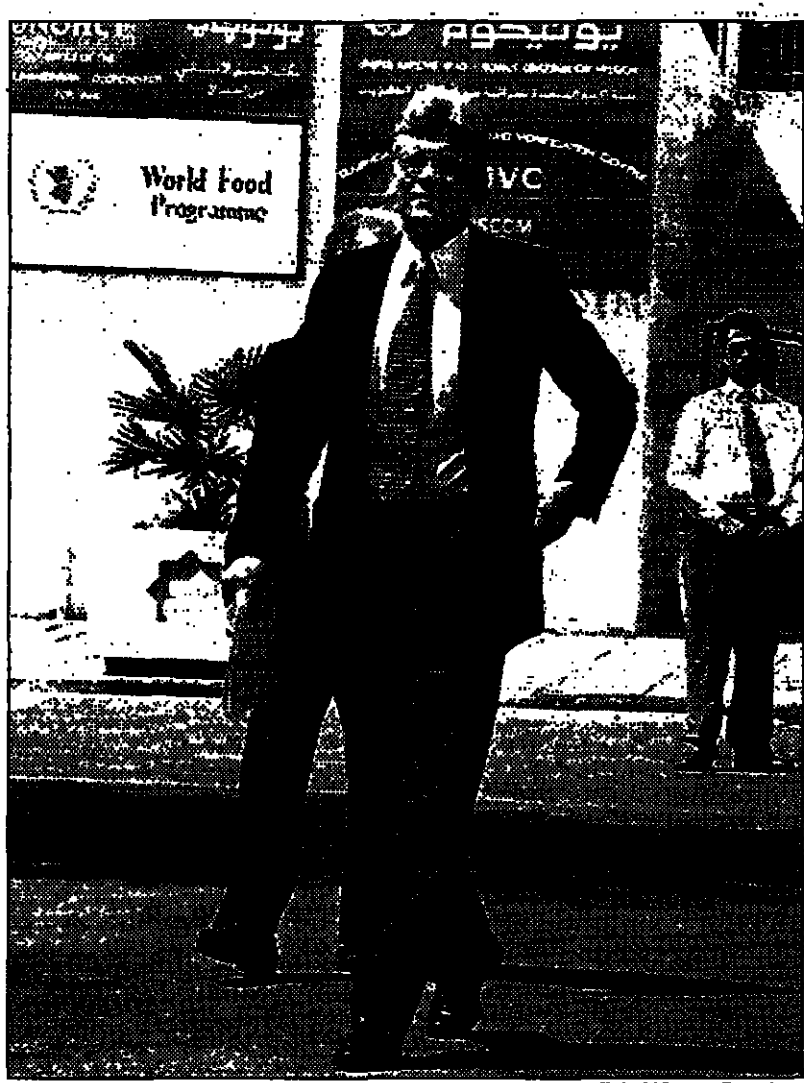
Officials expect some kind of Iraqi reaction within days but are hesitant to predict what it might be.

China, the last holdout for some kind of olive branch to Baghdad, joined other nations Wednesday afternoon in accepting an unambiguous condemnation of Iraq and calling on Baghdad to rescind without conditions the decision to stop all intrusive arms inspections.

"We hope that the Iraqi side should comprehensively implement the relevant resolutions," the Chinese deputy representative, Shen Guofeng, said before the vote, adding that the council should respond promptly and positively to Iraqi compliance.

Russia also backed the resolution that suspends all future sanctions reviews, leaving Iraq without defenders.

"This resolution clearly speaks for itself," Sergei Lavrov, the Russian representative, said after the vote. "I believe it clearly states that the council doesn't like the current situation."



Prakash Shah, special envoy of Secretary-General Kofi Annan, starting his diplomatic rounds Thursday to deal with the UN sanctions issue.

Tanzania Blast Inquiry Focuses on Truck Shop

By A. R. Reid

Washington Post Service

KIMARA, Tanzania — In a poor rural country where the term "freight transport" often means people walking down a dusty road with packages on their heads, the Tommy Spades Manufacturing Co. plant has always been an anomaly, with workers in large construction bays building or repairing modern trucks, trailers and tankers.

But the unlikely industrial facility set amid banana palms on the outskirts of Dar es Salaam has drawn far more attention than usual lately — this time, from Tanzanian and American investigators trying to unravel the mysteries surrounding the terrorist bomb that heavily damaged the U.S. Embassy here on Aug. 7 and killed 10 people.

U.S. officials said investigators were working on a theory that the bomb might have been constructed at the Tommy Spades plant and then welded to the chassis of the embassy's water truck, which reportedly was at the plant for repairs shortly before the explosion. The owner of the plant, Thomas Lyimo, is one of five people jailed here in connection with the blast, officials said. Among the many gas and chemical canisters in the Tommy Spades facility, investigators found some of the same chemicals that were detected in the large crater the bomb left outside the embassy.

The discoveries may explain why Tanzanian and FBI investigators last

weekend announced major breakthroughs in the bombing investigation here. Adadi Rajabu, Tanzania's director of criminal investigation, said that the police "knew who took the device to the embassy, and they also know some of the people responsible for the event."

One key mystery remains unsolved, though. There is still no trace of the assistant driver, or "rumbay," who should have been riding in the water truck when it was blown up, along with the driver. The assistant's family has declined to cooperate with investigators, refusing to provide DNA samples or to look over shoes and clothing found at the bombing site to determine whether they might have belonged to him.

"It just might be that in their grief, the family refuses to admit the possibility that the guy is dead," a U.S. official said. "Or maybe he wasn't in the truck, which makes you wonder where he was."

Since the early days of the massive investigation into the simultaneous bombings at the U.S. embassies in Dar es Salaam and in Nairobi, the capital of neighboring Kenya, U.S. and local officials have focused on that embassy-owned water tank truck as a possible carrier of the bomb here.

As with many aspects of daily life in a country that is poor even by African standards — per capita income is less than \$500 a year — the water supply in Tanzania's capital can be unreliable. To be a good neighbor, the U.S. Embassy routinely filled its tanker truck with fresh water from wells on the embassy grounds and delivered it to nearby embassies and homes.

On Aug. 7, the tanker had finished its rounds and pulled up to the embassy gate at about 10:35 A.M. At 10:39, while guards were making a standard security check of the truck, a massive explosion blew most of it to bits. A large crater was left where the truck had stood.

Security officials said countless parts of the tanker truck were found on the spot. About 22 cars along the street also were destroyed; all have been traced to their owners, mostly embassy workers. There has been no evidence that other vehicles were involved in the bombing. All of this suggests that the tanker truck might have been the carrier for the bomb. But that raises a further question: How was a terrorist bomb hidden on a U.S.-owned truck?

The investigations at Mr. Lyimo's Tommy Spades compound may provide some answers. Mr. Lyimo is a member of the Chaga tribe, an ethnic group that has produced many of Tanzania's business and political leaders. He reportedly owns a chain of roadside kiosks that sell milk and other essentials around the eastern part of the country. But his biggest operation is said to be the truck facility, which towers above a narrow, rutted road here in Kimara, on the northwest side of Dar es Salaam.

The plant includes a huge repair unit, which was filled Wednesday with tanker trucks, much like the one that served the embassy. Connected to the repair bay is the Tommy Spades factory, which builds large metal tanks for water, gasoline and other liquids. The factory is equipped with modern metal cutters, rollers and other machine tools made in Germany and Italy and has extensive welding facilities.

Workers at the compound said Mr. Lyimo had not been seen here in days. Local media reported that he had been in police custody for about two weeks. Tanzanian police said last weekend that they were holding five people in connection with the bombing — two suspects and three others who are said to be material witnesses.

The embassy water truck underwent maintenance shortly before the bombing, and U.S. officials and local media reports said it was conducted at the Tommy Spades repair garage.

Israel's Unheralded Hiatus of Peace

While Terrorism Remains a Hot Topic, Many More People Die in Traffic

By Lee Hockstader

Washington Post Service

JERUSALEM — One paradox of the intemperate Middle East peace process is this: Israel insists it will make no deal to advance the peace until Yasser Arafat's Palestinian Authority does more to combat terrorism. To hammer home that message, the government complains that the Palestinians not only fail to fight terrorism, but actively encourage it. Yet judging by the numbers of victims of Palestinian attacks, Israel has not been so secure in more than a decade.

Even according to the most inclusive figures, there have been fewer Israelis killed by terrorists in the last two years — just 36 — than in any comparable period since 1987-88. In the past 12 months only seven Israelis have died in terrorism attacks.

By contrast, 528 Israelis died in traffic accidents last year.

No one can guarantee there will not be another uptick in bloodletting if the political winds shift. The death toll since 1996 may be modest compared to previous periods, but hundreds more have been injured, some severely. Some planned strikes against Israel fizzled either because of intervention and effective intelligence or simple luck. And Israel remains one of the most security-obsessed societies on earth, a place where it is impossible to go to the mall, the supermarket or the movies without submitting to at least a quick search.

Nonetheless, the fact remains that by most measures the struggle between Arabs and Jews in Israel has become among the least violent of the low-intensity conflicts in the world.

It is against this backdrop that Washington has begun a diplomatic initiative to break the 18-month logjam in the Israeli-Palestinian talks.

Yet as Dennis Ross, the chief U.S. Middle East envoy, shuttles between Israeli and Palestinian negotiators, se-

curity issues continue to occupy center stage.

The diminution of violence against Israelis is a subject of ideologically charged debate. The rightist government of Benjamin Netanyahu suggests it deserves credit for the dip by making it clear to the Palestinians that no further concessions will be made if terrorist attacks persist. At the same time it contends that Mr. Arafat's men have done little to dismantle Hamas, the militant Islamic group that has carried out bloody attacks in the past.

"It's one thing to hold back the terrorists, which is what they're doing now," said a senior Israeli official, requesting anonymity. "But they are not doing anything about the infrastructure, which means they are keeping violence and terrorism as a viable option."

The Palestinian Authority insists terrorism is down because its security apparatus has stopped Hamas in its tracks by seizing weapons and intensifying surveillance. To do more — to actively move against the schools, clubs and other institutions that comprise Hamas' infrastructure — would be to trigger a civil war on the territory Mr. Arafat controls.

"We've cracked down on terror because it's in our interests to move forward with the peace process," Mohammed Dahlan, chief of Palestinian security in the Gaza Strip, said in a recent interview.

Whatever the case, the decline in terror goes nearly unremarked in Israel. Mr. Netanyahu rarely mentions it. And no one seems inclined to believe that a new security climate may prevail.

One explanation is that Israelis cannot quickly forget the carnage that filled their television screens in early 1996, when Hamas suicide bombers killed dozens of people on city buses and a Tel Aviv shopping center. Those blasts, and

others like them, also destroyed the idea that the Oslo peace accord of 1993 had brought Israel a respite from terrorism.

"The frequency of those attacks, and their incredible ruthlessness — seeing the dismembered bodies of children spread over the streets — created in Israelis an impression of war," said Yaron Ezrahi, a political philosopher. "That trauma has remained a very powerful experience."

The explosions also created a new political dynamic, mainly to the benefit of Mr. Netanyahu. A candidate for prime minister at the time of the 1996 bombings, he rode into office playing the security card. Since then he has wasted no opportunity to bash the Palestinian Authority on terrorism, even as the incidence and casualties of terrorism have declined.

"He can still rely on this memory and trauma, and he invokes it every time he negotiates," Mr. Ezrahi said.

To keep the spotlight on terror even as it becomes rarer, the Israeli government has released videotapes of Palestinian school children chanting prayers to suicide bombers on a popular juvenile television show, of Palestinian teenagers burning Israeli buses and towns in effigy and of Mr. Arafat himself glorifying a slain Palestinian bomber as a "brave holy martyr."

The goal is to show that while terror may have abated lately, the basic Palestinian strategy of wiping Israel off the map remains, government officials say.

That sort of rhetoric leads some Palestinians to suspect that the government would welcome a surge in violence.

"I believe Netanyahu dreams of a suicide attack in order to shed all his responsibilities under the peace process," said Mr. Dahlan, the Palestinian security chief. "It would lift the U.S. pressure on him, and he'd be able to say to the world, 'You see? But we're denying him the pleasure.'"

BRIEFLY

Saudi Heir to Throne Plans Tour

DUBAI — Saudi Arabia's heir to the throne, Crown Prince Abdullah, begins a grand tour of key allies this weekend that will raise his profile among the kingdom's friends around the world.

The prince, in line to succeed the ailing King Fahd, is to depart first for Britain and then go to France on Wednesday and the United States three days later.

After a holiday in Hawaii, he will visit China, Japan, South Korea and Pakistan. (Reuters)

15 Algerians Die in Rebel Raids

ALGIERS — Fifteen people have been murdered, including shepherds whose throats were slashed, in four separate attacks across Algeria, newspapers reported Thursday.

The French-language daily *Liberte* said five armed "Islamic" were killed Monday in an ambush laid for 50 rebels belonging to the Islamic Armed Group near Chlef, 210 kilometers (130 miles) west of Algiers.

Four soldiers died Tuesday in an ambush targeting their patrol near Bouira Governorate, east of Algiers, *Le Matin* newspaper said.

Two suspected Muslim rebels died in a shoot-out that followed the attack. (Reuters)

Fire Evidence in Swissair Crash

HALIFAX — Investigators say they have found evidence of the location of a fire that apparently caused the crash of Swissair 111, which went into the ocean off Canada soon after the pilots reported smoke in the cockpit.

According to the plane's flight-data recorder, which was recovered Monday, two computers on the left side of the plane near the nose began recording signals of warning a few minutes after the distress call, investigators said Wednesday.

The fire may have been affecting the computers, or more likely, the wires leading to them, investigators believe.

In addition, one of the fire-damaged parts of the plane that floated to the surface has been identified as a shearing seat cover from the first officer's seat, on the right side of the cockpit, according to investigators.

That finding, too, suggests that there may have been a fire in what is called the avionics compartment, a small space filled with racks of electronics gear. (NIT)

Escorts & Guides

BELGRAVIA
ORCHIDS
LONDON - EUROPE
THE FIRST & THE MOST SINGULAR
12-35 INTERNATIONAL & ELEGANT
SECRETARIES, AIR HOSTESSES &
MODELS • AVAILABLE AS
YOUR COMPANION 24 HOURS
Escort Agency Credit Cards Welcome
TEL: LONDON ++44 (0)
0171 589 5237

atlantic
A Privileged Few enjoy our
Platinum Membership
Your Dreams are Our Reality
We Have an Exclusive Hand Picked
Portfolio of the Ultimate
Escort Service for Global Travellers
info@atlantic-platinum.com
LONDON: 07 074 074 770
Europe: +44 (0) 7 074 074 771
Europe: +44 (0) 7 074 074 771
USA & Canada: For Enq
Exclusive Portfolio Book
to view Locally and Worldwide

DISTINCTION
London Paris City & Air Geneva Zurich
Brussels Escort Service. Dinner, Cakes &
Travel. London: 0773 62 63 57
Tel: +44 773 62 63 57

HIGH SOCIETY

The Most Prestigious Escort Agency
Executive Service Worldwide
Geneva, Paris, London & Zurich
Sophisticated, Intelligent, Stunning
Ladies
Established in Germany, Russia, Paris,
Cote d'Ivoire, USA
View Our Fine Ladies in Model Gallery:
web@h-society.com
Tel: 0171 258 1038 or 01709 44476

International ESCORTS

World's top international escorts
New York US Hot 1-212-765-7866
OFFICE@INTL.ESCORTS.COM

PARIS

service@euro-escorts.com
+33(0)14789-221 / +33(0)14789-224

ARISTOCRATS Escort Service

Beautiful Int'l Photo Models
3 Boulevard St. Louis W1
London Tel: 0171 258 1038

European Jet Set • VIENNA • PARIS

RIVERA/MURPHY/KOUL/LONDON
ROMA/BERLIN/STUTTGART/MUNICH
International Escort & Travel Service
Vienna ++43(0)1235 41 04 all credit cards

HERIT'S HIGH SOCIETY VIENNA/PARIS

RIVERA/MURPHY/KOUL/LONDON
ROMA/BERLIN/STUTTGART/MUNICH
International Escort & Travel Service
Vienna ++43(0)1235 41 04 all credit cards

PARIS

Geneva Escort Agency ++41 78 6377894

LONDON'S STARS

Escort Services
First Ladies for Discerning Gentlemen
Tel: 0171 584 2220 credit cards

'GIRLS & DOLLS ESCORT SERVICE'

MILAN/ROMA/ATHENS/PARIS
BRUSSELS/GERMANY/SWITZERLAND
COTE D'IVOIRE/CHINA/HONG KONG
Tel: +39 (0) 335 619 0038 Credit Cards

ELITE Model Agency

Beauty, Charm, Model, Ex-Playboy-Model,
Shopper & all over Germany & Zurich,
Geneva, London, Paris - Italy - Sicily
+49(0)1712326500 Escort Service

CHELSEA ESCORT SERVICE

61 Brompton Place, London SW1
Tel: 0171-994 0913

ZURICH BERNE GENEVA

YVON'S Private Escort Service
Charming and very friendly
Tel: +41 78 423 4628

BARBARA ESCORT AGENCY

The best choice in the French part of Switzerland.
Pictures available on request. Phone +41
78 448 53 81

ELIZABETH: STUNNING BEAUTY

Charming escort service. Intellectual,
incomparable presentation. Good Sense of
Humour. Mayday 0683 853789

GENEVA PRETTY WOMAN

Call 022 / 340 01 83 Escort Agency
LAUSANNE-MONTREUX-CHAM
ZURICH - CREDIT CARDS

AMARONE beautiful & intelligent Escort

Service. A must for your exact arrange-
ments. Frankfurt Tel: +49(0)71-62 4652

AMSTERDAM • DRESDEN • ESCORTS

and Dinner Date Service for Men or Her
Tel: +31 (0) 20-64 02 666 or 64 02 111

BLACK BEAUTY ESCORT SERVICE

Exclusive Elegant Educated & Friendly
London & Heathrow. 01812018889.Cards

BLOOM AND FASCINATING GIRL

For escort service, only in Milan. Tel:
39 (0)255889765 captionless

ESCORT & GUIDE SERVICE

High class women in Milan. Get in touch Tel: +39
(0) 235 678257

'HARMONY' MADRID/BARCELONA

est of Spain. The most exclusive escort
service. Tel: 306 818964 or 518 83732

HIGH LIFE • VIENNA • 24 hrs.

Most exclusive Escort Service
VIENNA ++43(0)1375590 all credit cards

HOLLAND ESCORT CLUB

For her and you. Escort service since
1987. Tel: +31(0)20 623 1894/403 3827

WGA Absolutely Gorgeous Beauty

available for escort service in Wagon, D.C.
1-703-553-0100 wga@compuserve.com

JAPANESE SUPERMODEL Escort Service

UK Major cities. Tel: 0256 572 543
All credit cards

JL - BEAUTIFUL, sophisticated, Black

model. Private Escort Service. Chelsea -
0201 765 383

RED APPLE ESCORTS - New Agency

Top Girls 0171 288 1505

MONOPOL FRANKFURT

THE LEADING ESCORT SERVICE
OFFICE NUMBER 091 / 555 20 774

MEMORIAL SERVICE

IN THE NAME OF GOD,
THE MERCIFUL
AND THE COMPASSIONATE

A Memorial Service will be held
on September 13, 1998, at 10 o'clock

In memory of the late and deeply regretted

SLEIMAN ALI ABU TAAM

and

SOUAD HASSAN KHALIL

(SAYYED)

who disappeared tragically in the fatal SR 111 accident,
September 3, 1998.

their children: Ali, Hicham and Noura

Brothers of Sleiman: Salem and the late Salim

Sisters of Sleiman: Mariam, Khairiah, Samiyah
and Fatmeh.

Brothers of Souad: Rached, Adel and the late

Ali and Mohammad.

Sisters of Souad: Mariam, Bahia, Najat and the late

Fahima and Nassima.

Verses from The Koran will be recited,
followed by a funeral oration.

Mosque Al-Hajj Matar Husseiniah,
Airport Highway (between Shaila Round and Airport bridge)
Near the Sharoun Establishment, Beirut, Lebanon.

كنا من الاصل

Leisure

Off the Beaten Track — Way Off Life on a Stepping Stone in the South Atlantic

By Robert O. Paxton

GRYTVIKEN, South Georgia Island — As we prepare to go ashore on this remote sliver of British territory, 1,200 miles east of Cape Horn in the far southern Atlantic Ocean, it feels more like war than a holiday. Before the operation begins, we are summoned to a briefing in the ship's dining room. No one who misses it will be allowed into the Zodiacs.

We are told in no uncertain terms what we must do and what we must not. We are to descend the gangplank of the 370-foot Akademik 101, a chartered Russian polar research vessel, one by one. We are stuffed into sweaters, waterproof slickers and boots, and are creamed and goggled against ultra-violet rays of the January sun. We are reminded that the damaged ozone layer offers diminished screening from these burning rays in the far south.

At the bottom of the gangplank, we await instructions from a crewman stationed there. Another crewman waits in a tiny bouncing rubber raft — a Zodiac — to brace our steps. The instant the ocean swell lifts the little craft up to the lowest step of the gangplank, we are to put one foot on the raft's rubber gunwale and step onto the flat bottom. Zodiacs, oblong doughnuts of tough rubber tubing with an outboard motor, were designed by the oceanographer Jacques-Yves Cousteau. Used worldwide for remote landing, they are fast, safe and maneuverable, but wet.

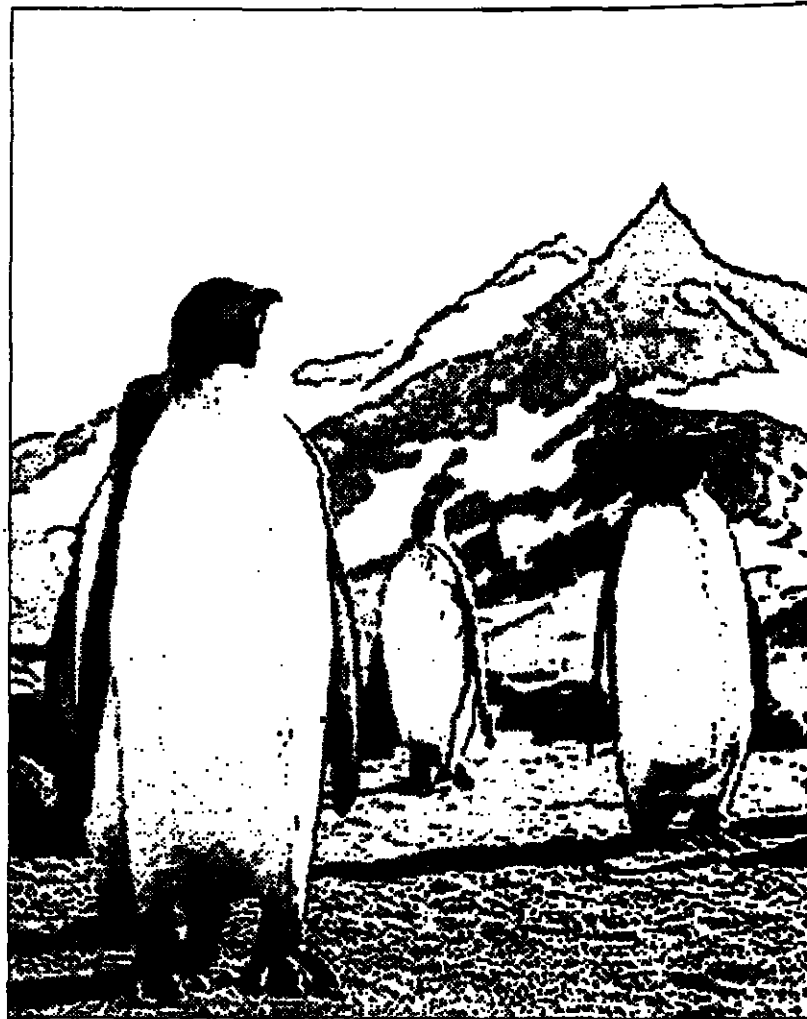
Once at the land's edge, we must group up before advancing. Southern fur seals are barking and baring their teeth not far up the beach. We are to get no closer to them than 15 feet. This is partly for their protection, partly for ours. The young male seals bounce at us, while the calving females lie languorously on the black pebbles and the dominant male strikes heroic poses, his nose in the air. A bit farther, a scum of elephant seals lies piled on the beach. They lift their huge heads to look at us, mouths agape. A line of king penguins marches up to examine us, looking, as the polar explorer Apsley Cherry-Garrard wrote in 1922, like self-important but portly gentlemen late for dinner.

We are stepping into a scene of utter biological prodigality. It is January and the myriad mammals and birds that inhabit the far southern Atlantic have only a few short months and a few stretches of ice-free beach to reproduce. Soon, snow and ice will send them back to sea. All around us on these stony beaches at the edge of the ice they fight for territory, breeding, killing prey, feeding young or becoming prey in their turn.

LAND OF KINGS

King penguins pack the available meadowland back of the beach. Their chicks, far more unkempt than their sleek black and white parents, fill shaggy brown coats to bursting. They stand packed into nurseries. Each adult can somehow distinguish its own hungry chick's call among the chorus of plaintive begging.

Though the three-foot-tall adult king penguins have no enemies on land, their eggs and chicks are vulnerable. Skuas, brown gull-like birds of prey, patrol overhead, and sheathbills prowl the colony watching for a parent to commit the slightest lapse. We watch one parent turn its egg carefully, letting it slip out from under its stomach feathers. A sheathbill rushes up, punctures the egg and gobbles its contents. When the bereaved parent wanders off into the colony, its neighbors continue their own lives obliviously, crowing or bowing to their mates or fighting neighbors, tracing their little circle's border by the reach of their beaks. The sounds, smells and bustle of hundreds of thousands of these creatures



Penguins getting a closer look at some humans on South Georgia Island.

overwhelm our effort to take it all in.

The smaller penguins — gentoos and macaronis — nest on hills farther back. The adults are constantly going and coming across the beach. Some are arriving from fishing expeditions at sea, porpoising up to the beach and jumping out. Once ashore, they stomp inland purposefully, pigeon-toed, flippers outstretched for balance. They are capable of climbing a mile or two across stony scree and ice up to their hillside colony, to bring their chicks a meal of half-digested squid or krill, or to relieve their mate on the egg.

The most dramatic creatures on South Georgia are the albatrosses. The giant white wandering albatross nest at the top of steep islets covered with tussock grass, along a stretch of the northeastern coast called the Bay of Isles. With a wingspread over 11 feet, they are the largest flying birds. Having watched them sail motionless over open ocean for hours on end behind our ship, watching us watching them, we understand why sailors were superstitious about them.

In January, wandering albatrosses occupy the two-foot-high hummocks of vegetation they have built to hold a single egg. When we land and climb up their islet, they sit on their mounds and stare at us. Infinitely graceful light-mantled sooty albatrosses maneuver their eight-foot pear-gray wings along cliff faces where their single chicks are tucked into grass-grown ledges. Innocent of enemies, these birds make us feel we have arrived minutes after the Creation.

South Georgia has more vestiges of human history than we expected. A dozen abandoned whaling factories lie rusting at the head of fjords. As our ship enters Cumberland Bay, midway up the eastern coast, we see the remains of the Norwegian whaling station of Grytviken as a reddish smudge along the green shore, under looming black peaks and blue-green glaciers. As we approach, we can make out corrugated-iron sheds, steel tanks and sunken whaling vessels, some with a harpoon gun still in place.

Grytviken was active from 1904 to 1964, and is the most accessible to tourists of the South Georgian whaling fac-

ories. But since South Georgia gets so few tourists, there are no facilities. Except for the white wooden gothic church, built in 1913, the buildings — vast sheds and vaults of the whaling factory — are rusting away. Grytviken is a double ghost town. The men are gone, and the whales are gone. After it became possible in the late 19th century to kill the great whales with explosive harpoons, the world's whalers killed a million and a half of them.

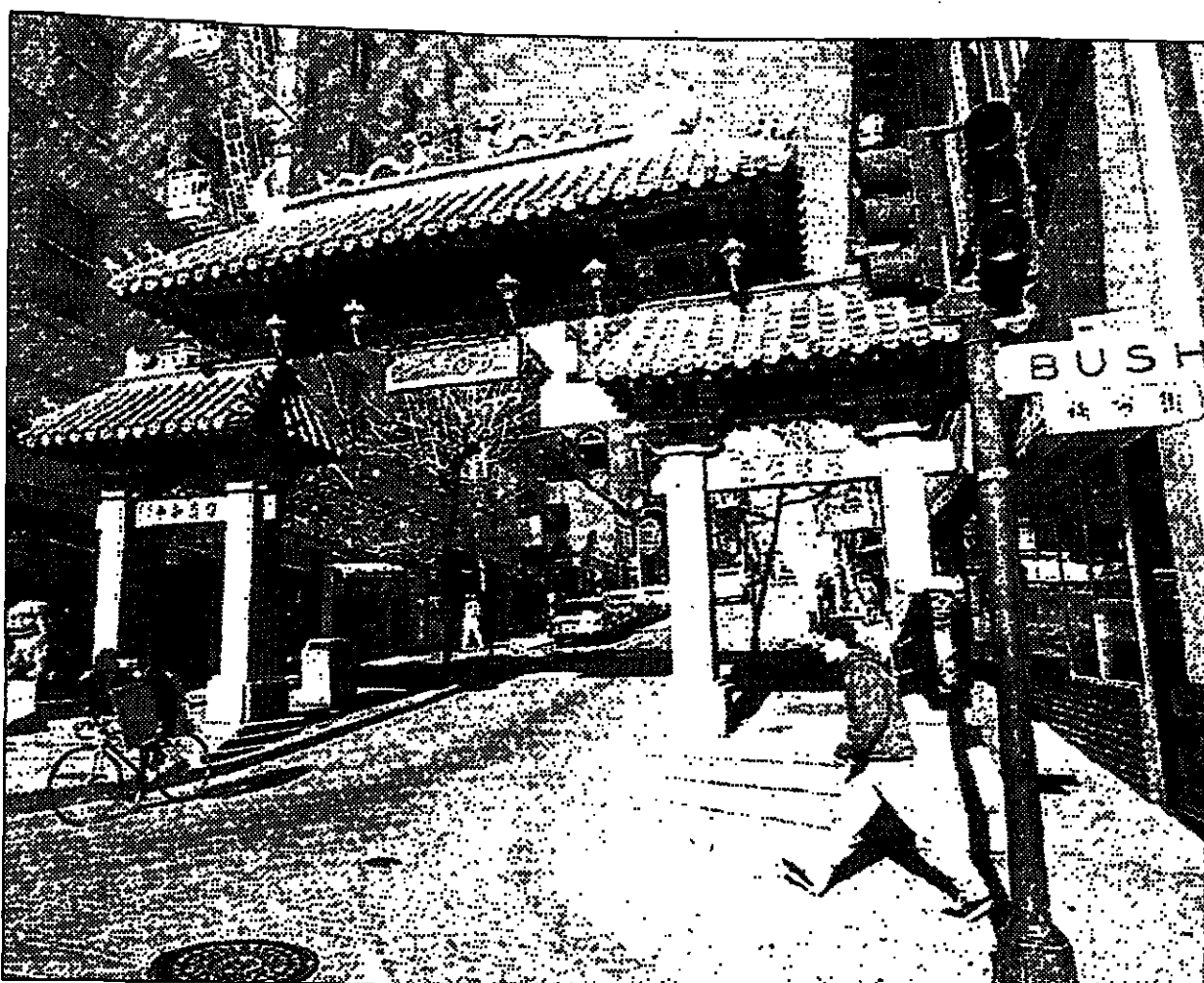
NINETY years ago, the whalers of Grytviken didn't even have to leave Cumberland Bay to catch their fill. We found some only once in four days in the waters around South Georgia: a couple of humpback whales that spouted and lolled on the surface and pushed their snouts into the air for a look at us.

Before we leave Grytviken, we stop at the cemetery for the ritual toast to Sir Ernest Shackleton. The legendary Antarctic explorer died in Grytviken in 1922 while preparing another attempt to cross the south polar ice cap.

Shackleton is most famous for rescuing his entire crew after an ill-fated expedition to cross Antarctica in 1915-16. After their ship *Endurance* was caught and crushed in the ice, Shackleton was eventually able to sail one of the ship's 20-foot lifeboats across 800 miles of open ocean to South Georgia in a hair-raising miracle of navigation and endurance. He arrived on the wrong side of the island, however, and had to cross the glaciers of interior South Georgia on foot before he could find help at the whaling station of Stromness (a few miles from Grytviken).

Our cruise continued southward to the starker Antarctic Peninsula, all ice and rock. South Georgia is the ideal stepping stone to the harsher Antarctic: a land-in-between, ice at its core, green around the edges in summer — the scene of intense human and animal striving.

Robert O. Paxton, a former president of the Linnean Society of New York, wrote this for *The New York Times*.



A gateway in San Francisco's Chinatown, the city's second most popular tourist destination.

A Chinatown at the Crossroads

By Frank Bruni

New York Times Service

SAN FRANCISCO — Most visitors to this city's teeming, colorful Chinatown would probably never notice Hang Ah Alley. A concrete corridor between a restaurant and a playground, it looks like nothing more than a broad, tidy sidewalk, spruced up with a few adolescent trees and several new wooden benches.

But those trees and benches, along with several informational legends carved into the immaculately polished pavement, signal the recently completed renovation of the passageway, the first of 31 alleys in Chinatown scheduled to get face lifts over the next few years with \$2.9 million of city money.

The campaign to make over the alleys reflects the constant efforts, marked by enduring angst, to keep Chinatown, the city's second most popular tourist destination, at once authentic and accessible, historic and modern, redolent of tradition without being petrified in the past.

Over the last two decades, Chinatown has changed slowly but surely, in small increments that have yielded big results. Its architecture and adornments have in many ways grown less flamboyantly distinctive — the golden, curled eaves on the corners of buildings less prominent, the individualized woodwork and tile patterns on the facades of many stores less common.

Plastic, glass, economy and efficiency have challenged, if not quite usurped, showmanship. And relentless tourism has wrought the same effect on Chinatown that it has on Fisherman's Wharf, San Francisco's most popular destination for visitors, just a few miles away.

In both places, what began as a working neighborhood devoted to a particular enterprise or ethnicity has been homogenized, at least in part, into an all-purpose visitors' bazaar, rife with T-shirts and trinkets.

"It's just all mumble-jumble," said Enid Lim, a longtime resident. "The food markets have moved to the fringes, and the merchandise that the shops in the center are selling is schlocky." Lim belongs to the Chinatown Community Development Center, which is trying to steer the future of Chinatown in a di-

rection that respects its past. The alleys are one of the group's projects, and they represent the nexus of historic preservation and contemporary adaptation.

On the one hand, the alley project is designed to restore to use a network of commercial passageways, lined by tiny shops with doors but no display windows, that were traditionally as vital to many Chinatown residents as the major avenues.

On the other hand, the project gives a

variation have not always been so popular. For example, attempts over the last two decades to have Chinatown declared a historic district failed, in large part because many merchants, property owners and developers worried about building restrictions and other rules that would impede profitability.

TENSION That opposition shone a light on an ongoing tension in Chinatown: Is it best served by letting it adapt to market forces, the way other neighborhoods do — or by conserving its more individual characteristics?

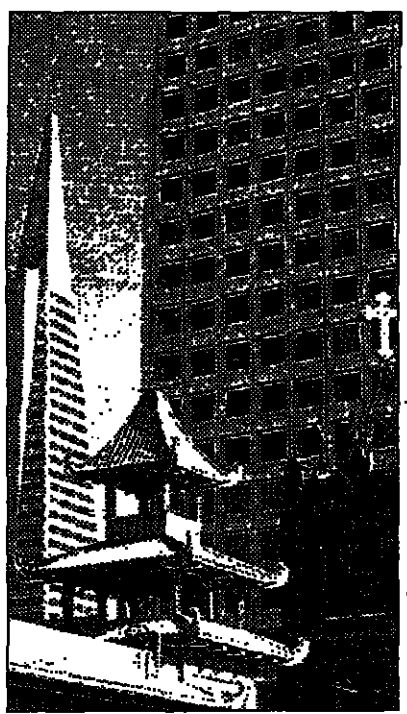
Philip Choy, another longtime resident, said that too much conservation was an impediment, an insult of sorts.

"It's like saying we're people in this little artificial zoo for visitors to see," he said. He added that he used the word artificial because what is commonly perceived as traditionally Chinese about Chinatown's architecture is, in fact, an invention to please outsiders. "It was never really Chinese in the first place," he said. "It was pseudo-Chinese."

Indeed, Choy and other historians of Chinatown noted that most of the brightly lit pagodas and fancifully detailed buildings were constructed after the 1906 earthquake, in a calculated attempt by Chinese residents to stave off city officials' plans to move them out of the city center. The idea was to create a neighborhood so appealing and idiosyncratic that no one would want to dismantle it.

But time, tourism and soaring real-estate values around San Francisco's Financial District, which threatens to encroach on Chinatown, have done some of what city officials at the turn of the century could not. In a few cases, small stores have ceded their lots to office towers; in other cases, the Chinese stationery store with its ornate bronze door, or the Chinese grocer with his pungent, savory offerings, has been replaced by the glass-walled electronics shop.

Those changes sit uneasily with many of the 15,000 residents of Chinatown, about 85 percent of whom are Chinese. "Chinatown is not just for tourists," said Rose Pak, a consultant to the Chinese Chamber of Commerce. "It's still for living. The question is how can we maintain the character and integrity of Chinatown while keeping it functional?"



The traditional and the modern stand side by side in Chinatown.

nod to the interests of tourists, festooning the alleys with historical lessons.

"Hang Ah means 'fragrant' in Chinese," explains the carved letters on one of a series of legends that a person walks over while traversing Hang Ah Alley. The alley got this name, the legend explains, "when a German chemist opened a perfumery."

But while the alley renovation has been greeted with almost unanimous approval, other bids at historic preser-

MOVIE GUIDE

FIRELIGHT

Directed by William Nicholson. U.K. When Elisabeth (Sophie Marceau), a beautiful Swiss governess, meets Charles (Stephen Dillane), a handsome British aristocrat, for discreet late-night whoopee sessions at a picturesque little hotel on the north coast of France, she knows she is not supposed to feel any pleasure. Their carefully planned dates are just a business arrangement. In return for money to pay off her father's debts, she is to conceive and bear Charles the child that his wife, who has been lying in a vegetative state since being nearly killed in an unspeakable accident, cannot produce. But when the earth moves for Elisabeth on their third night together, you can be sure that somehow, somewhere, she and Charles will reunite even though their deal calls for them never to meet again. So begins William Nicholson's movie "Firelight," a lush, high-toned bodice-ripper set in the late 1830s and well acted by Marceau and Dillane. Nicholson, a screenwriter ("Shadowlands"), making his directorial debut with an original script, gives this romance-novel hokum a soothingly sensuous "Masterpiece Theater" gloss and wraps it in a sound track of glutinous schmaltz. The world of "Firelight" is a smoothed-out, soft-focus fantasy of 19th-century British life. Even in the movie's stormier moments, it feels like "Jane Eyre" filtered through rose-colored glasses. Jumping ahead nearly a decade, the film finds Charles the doting father of a spoiled, tantrum-throwing brat named Louisa (Dominique Bellcourt). The girl is such a handful that she has driven all her governesses quickly

from the premises. One day salvation arrives in the form of Elisabeth, a proto-Stella Dallas, whose maternal instinct has driven her on a years-long quest to locate her dear lost little one. Charles's wife's sister, Constance (Lia Williams), who runs the household and who is unaware of Elisabeth's identity, hires the stranger on the spot to be Louisa's new governess. When Charles arrives home and meets his new employee, he is furious that Elisabeth has broken their contract, but he agrees to let her stay for a month. Not long after that, the earth begins to move again, as Charles and Elisabeth undertake a clandestine affair that grows hotter and heavier with each passing whoopee session. Will true love conquer all? Or should Elisabeth marry Charles's nice American friend, John (Kevin Anderson), who is visiting from abroad and is instantly taken with her? Will Louisa ever discover that her governess is really her mother? Amid all these questions, financial disaster suddenly looms for Charles. But not to fear. Here in the land of pseudo-Victorian suds flakes, true love usually wins out and little monsters can be remade overnight into petite, demure princesses. Even the also-rans in life's romantic sweepstakes accept defeat with a stiff upper lip and a fond farewell. Isn't love grand? (Stephen Holden, NYT)

EVER AFTER

Directed by Andy Tennant. U.S. The mousies can't sing, the pumpkins aren't magic and Leonardo da Vinci replaces the wand-wielding fairy godmother in "Ever After," a dazzling, Disneyfied rendering of the Cinderella

story. It's a shame about those adorable rodents, but it's high time that sappy cinder girl had a makeover. Fairy-tale heroines are role models, after all, and Cinderella was created for girls growing up in 17th-century France. There were plenty of royal families in those days, so waiting for your prince to come may well have been a practical ploy. Nowadays, princes are not only scarce as unicorns, but also far from charming. "Ever After" is set in the 16th century, but the picture's spunky protagonist, Danielle (Drew Barrymore), is a radiant, post-feminist Cinderella. No longer a passive pushover, this scullery maid is empowered. If her prince comes, he comes. Meanwhile, she's got a dysfunctional family to deal with as well as her late father's estate to maintain. Director Andy Tennant ("Fools Rush In") and writing partners Susannah Grant and Rick Parks retain the trappings of the period, with its bespangled costumes, gorgeous chateau and formal gardens. But they also flesh out the characters, provide reasonable motivations for their actions and similarly deepen their relationships. Though grounded in the world of real emotions, the story retains its old magic. The prince (Dougray Scott) has bonhomie and a brooding sensuality along with the bloodline. Unlike Disney's prince, he also has dialogue. He's a fully drawn young man with his own problems — foremost among them his forthcoming arranged marriage to a Spanish princess. He's running away from his responsibilities when he meets Danielle, who wins his heart and mind with her kindness, intelligence and independence. (Rita Kempley, WP)

A VENDRE

Directed by Laetitia Masson. France. France, on her wedding day, prefers to take the money from her fiancé's safe and run. Played by the athletic Sandrine Kiberlain, France is a wounded young runner who prefers cash to declarations of love. But this time, there is a detective (Sergio Castellitto) on her trail, paid by the jilted fiancé (Jean-François Stevenin). The detective, it turns out, has also played for high stakes in a marriage and lost; as he gets closer to France, he grasps the meaning of her bewildering race. He has interviewed her parents, who never loved her; her boyfriend, who never cared; and a cast of employers who exploited her — leading to one friend, a good-hearted whore (Chiara Mastroianni) who understands her pain. In her brief career, France has done a bit of everything to devalue herself, from cleaning toilets for the careless rich, to peddling a portfolio of dream bedrooms to homeowners who have no means or illusions. "Just say you're not interested, and I'll leave," she apologizes. Her last client is a mute, and she stays on with him in another costly move. The story, told in flashback, is at times too spelled out, with jerky transitions of style; one of the best scenes is when the detective confronts his former wife (Mireille Perrier) in an awful attempt to win her back, Cassavetes style. Masson in her second film — after "En avoir ou pas" — trains her investigatory eye on sad transactions between the sexes in a society out of whack with real dreams and real needs. (Joan Dupont, JHT)



Sophie Marceau in "Firelight," a romance set in 19th-century Britain.

LEISURE

Gritty, Magnificent Port Whitby

By Jason Goodwin

WHITBY, England — "Old sailors never die," says a card pinned to an old fisherman's cottage here, "their float just stops bobbing." This, I guess, is saucy seaside whimsy. The incised legend "Coroner" above a nearby doorway in Whitby in northern England reveals a grittier seaside truth. On the rocky Yorkshire coast the Whitby lifeboat has been busy for generations. Whitby men lived from the sea, and often enough they died on it as well.

Yorkshiremen — and certainly Yorkshire women — have grit as Parisians have chic. They are known to be stubborn and hardheaded. St. Hilda put Whitby on the map when she established a monastery on this perilous shore in A.D. 657. Six years later she presided over the Synod of Whitby, at which the King of Northumbria made the hard-headed decision that England would follow the Roman church and calendar, and abandon the rites of the humbler, native Celtic church, which she embraced.

St. Hilda, and the king, had grit, and the quality remains. The town's beaches are gritty, the countenances of the townsmen positively stony and a hard-edged realism characterizes the vagaries of Whitby's past. Not content with shaping the fortunes of Christianity for all time, the port later sent Captain James Cook to discover Australia. In the 18th century Whitby took to whaling with an enthusiasm not surpassed elsewhere outside Nantucket. The Whitby lifeboat is said to have rescued more people on a single day than any other in recorded history when nine ships were driven onto the rocks in 1861. Whitby even supplied Queen Victoria with her favorite jewelry.

These days the little port stands huddled and sloping on the banks of the River Esk, which rolls out of the barren North Yorkshire Moors and into the North Sea. The town climbs steeply to the cliffs, the narrow streets lined with fisherman's cottages and pierced by

narrow alleys, or *ghaus*, which lead down to the harborside. Some of these old houses have cellars three floors deep, and many can be approached only on foot. Higher on the cliffs the ruins of the seventh-century abbey and the Norman church, like the elegant Georgian residences on St. Hilda's Terrace, gaze loftily out to sea.

Once, no doubt, the occupants kept aloof from the pubs and creels, the sailors' brawls and poverty of the lower port, but yesterday's shims are today's picturesque, and though as late as the 1950s the authorities were gaily demolishing chunks of disreputable old Whitby, these are the very crooked, overcrowded dens that visitors come to see, full of fudge shops and jewelers and secondhand bookstores. You can eat vegetarian here, or buy a Belgian chocolate or stay in Charles Dickens's bedroom at the White Horse and Griffin Inn on Church Street, with a real fire in the grate and a good fish restaurant downstairs.

Church Street, old Whitby's main street, is a cobbled lane that ends for all practical purposes in an almost vertical rise to the church and abbey on the cliffs above. The abbey stands gaunt and beautiful, its sandstone walls pocked and riddled by the wind, its lovely Gothic tracery framing a view of the sky.

Vikings destroyed it once. Henry VIII finished it off in the 16th century when he plundered the English Church, selling off its land and institutions to the highest bidder. The Cholmley family built their fine Carolingian banqueting hall nearby in the best classical manner, using stone from the abbey. But look around the hall today, and you will find that it, too, is only a facade: The rest blew down in a gale in 1776. There's a fine old church, St. Mary's, up there, with a triple-decker pulpit equipped with listening trumpets for the benefit of a Victorian parson's deaf wife.

In the old days, parts of the unstable cliff would suddenly drop; hurling houses and tombstones into the sea, exposing old bones and skulls for children to play with. It is hardly surprising that the original Dracula of Bram

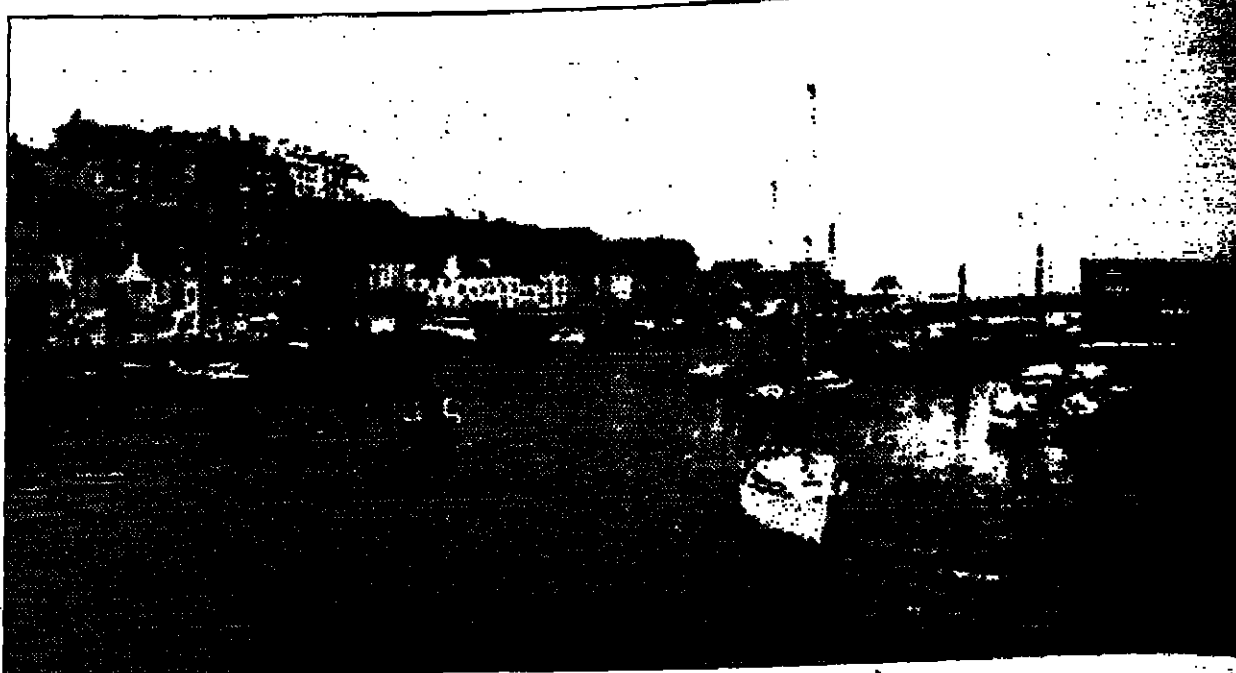
Stoker's 19th-century novel reached England on a Whitby ship, and hid out in a grave in the cliff-top churchyard.

Stoker wrote much of the book in the town, in a determined effort to out-Gothic Mary Shelley's "Frankenstein." Local people's feelings for Dracula are middling. Some of the weirder pilgrims to this literary location have caused disquiet by their midnight antics in the graveyard, and, anyway, there is something rather undignified about being a backdrop in a spine-tingler. Residents prefer the great whale jaws set up in an arch on the West Cliff, recalling the port's whaling days, hard by a monument to its most famous son, Captain Cook.

Whaling rescued the town in the 18th century, when the whale became the backbone of the industrial revolution. Leviathan could be put to so many uses. His oil, for instance, lubricated the first machines. His teeth stiffened corsets and made fine umbrella spokes and window blinds. By the 1700s cleanliness was in fashion, and whale oil made a fine soap. Whitby used the whale remorselessly. Massive jawbones were turned into building frames. On Nov. 11, 1825, 100 gentlemen "and respectable tradesmen" sat down to a dinner to celebrate the installation of public lighting in the town — lights powered by whale oil.

AWKWARD ACCESS Whitby's awkward access made natural navigators of its population: The town is not an island but it has an island mentality, cut off for so many centuries by the sea and the moors. At least one young shipmaster out on those desolate moors used the skills he had picked up at sea to guide him safely home in foul weather. Captain Cook discovered Australia in a Whitby coal ship, and the lessons he learned in the Whitby trade made him one of the world's greatest navigators.

When Queen Victoria plunged into prolonged mourning on Albert's death in 1861 she popularized jewelry fashioned from jet at the very moment local turners discovered a way to carve the black stone on a lathe. Jet is native to Whitby; the



A view of Whitby from the River Esk, which rolls out of the barren North Yorkshire Moors and into the North Sea.

fossilized remnant of the monkey puzzle tree, is mined from the cliffs and found on the beaches, and when cut and polished it glows. For a while the industry employed hundreds of workers.

The town is still hard at work. The fishing is not what it was, but there is a fleet of bulbous, battered trawlers in port, and the fish market opens every morning on the quay. The morning I visited, just one boat had unloaded its catch, and there were only four buyers, but the auctioneer shouted and ratcheted up the excitement as if he were addressing a roomful of eager wholesalers. There must be more fish and chips shops per capita here than in any other English town, and they are very good.

THERE'S the factory where they make Burberry raincoats. There's the marina, where they tend other people's boats. Having once lost the art of carving jet, Whitby has picked it up again, and you can buy newly made earrings, rings and bracelets of pure black stone all over the old town.

Visitors who want respite from the genteel bustle can take a bracing walk

along the cliffs to Robin Hood's Bay, 10 kilometers (six miles) to the south. This, like Whitby, was a fishing port once, but far smaller and poorer. It is really a Yorkshire version of a Greek island village, tightly clustered into little alleys and yards, with no room for cars. Its pubs reek of smugglers' tales; and when the tide is out you can go shrimping on the rocks or ride a pony on the sands — but I preferred rummaging through bookstores.

Back in Whitby, I was enjoying it all, the fish, the sea, the quaint streets, when I discovered, to my joy and astonishment, my favorite museum in the world. There are some excellent museums in the town, to be sure, but the Whitby Museum is stupendous. It stands alone, in the genteel public gardens known as Pannett Park, which are bordered by a splendid row of double-fronted Georgian houses put up by rich shipowners along St. Hilda's Terrace. The origins of the museum lie with the same people, for it was one of those philanthropic institutions set up in the early 19th century that depended entirely on the generosity of local citizens for its treasures. The splendid mahogany cases are full

of old costumes, and stuffed birds, rocks and flint arrowheads, bits and bobs from Captain Cook's voyages, and the tail of a very first crow's nest, devised by Captain William Scoresby in 1807 for picking a channel through the Arctic ice, and pieces of bone carved by sailors, and curiosities brought back from Africa and the East. Also on view are ivory ships carved by French prisoners of war, a Japanese suit of armor, and any number of guns and pistols and coins and medals.

I had already decided that this was the nicest museum I had ever seen when I stumbled through a side door into the mahogany-lined library and reading room of the Whitby Literary and Philosophical Society, where half a dozen members were reading quietly at the tables. Here were more than 4,000 books on Whitby, birds, fossils and explorations. They weren't all old and dusty either. I wasn't hooked; I was flatly harpooned.

Jason Goodwin, a journalist who lives in England, wrote this for The New York Times.

THE FREQUENT TRAVELER

A Fine Balance: Matching Capacity With Demand

By Roger Collis
International Herald Tribune

DESPITE predictions of global meltdown after dire economic news from Asia, Latin America and Russia, my own straw poll of travel experts suggests that while North America and Western Europe may be on the verge of a cyclical downturn, with some corporations tightening up on travel, few people are talking about a global recession.

You don't have to be a professional cynic to believe that what's bad for the travel trade is good for the traveler. But this depends on the fine balance between supply and demand. Outside Asia, airlines and hotels have successfully matched capacity with demand and are still enjoying a seller's market with high load factors and occupancy rates. Whether this will shift to a buyer's market is an open question. But don't expect travel to get any cheaper any time now.

Airlines have been doing pretty well keeping capacity growth half a point behind growth in demand, or not straying more than a percentage point above it," said Tim Dunlop, a spokesman at the International Air Transport Association in Geneva. "We think this year that capacity growth is going to be a point ahead of demand because of the slowing down of the market and with airlines still taking deliveries of new planes despite the Asian crisis. Asian carriers have been smart and fast in adjusting their capacity to falling demand. Garuda and Philippine Airlines have got rid of large numbers of planes; two regional carriers in Indonesia have stopped flying altogether.

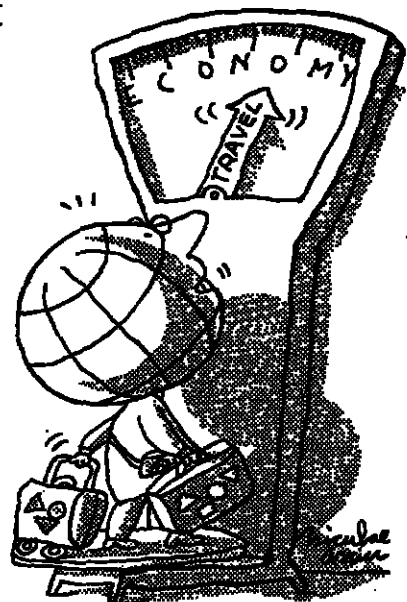
The main generator of air traffic is not prices but economic activity. If GDP is growing at, say, 2.5 percent, airline traffic will grow at about 5 percent. This has been the main reason for the incredible growth in Asia — up till now. Asian economies were growing at 5 or 6 percent with air traffic growing at 10 or 12 percent. Last year we had a record number of passengers with load factors of up to 72 percent. At that level you start to turn people away at peak peri-

ods, especially on the North Atlantic, which is 71 percent of world international travel.

The Association of European Airlines (representing 28 carriers) reports that passenger growth within Europe and on North Atlantic routes was around 9 percent higher in July than a year earlier, with load factors reaching 82.4 percent on the North Atlantic. Business-class fares from Europe to North America rose by 4 percent in the second quarter of 1998 and 14 percent, year to year, according to the latest American Express Corporate Travel Index. Business-class fares from Britain rose by 3 percent, quarter to quarter, contributing to an 8 percent rise over 1997 and a 19 percent rise over the last two years. Kyle Davis, vice president for purchasing management, at American Express in Paris, said travelers in Britain could save more than 60 percent simply by moving from business class to unrestricted economy tickets. "On some European routes, 25 percent can be saved the same way," he said.

Hotel rates worldwide have risen by 5.8 percent in the first six months of 1998 despite plummeting tariffs in Asia, according to Hogg Robinson Travel's interim hotel survey. The average price paid was \$86.50 (\$143) a night across 49 countries.

INTO RECESSION? Carolyn Moore, divisional manager hotels at Hogg Robinson in London, said: "I'm amazed at the diversity of reports — depending on which paper you read — as to whether we're heading for a recession. There are indications that some companies have tightened up on travel a bit, are more cautious about the need to travel, but we haven't felt that our clients are suddenly pulling in their belts. I think we will see more of a buyer's market, but the extent to which it will switch will be far less than you might think because of the ramp-up to the millennium celebrations to keep hotels in sufficient business. I could be wrong. But I question how deep the turnaround is going to be. It's certainly not all gloom and doom: I think it's going to be a much softer landing in key markets like London."



Nicolai Andri/ITF

Here are some ways to get the most from your travel budget:

- This could be a good time to negotiate a corporate route deal with the carrier you use the most — or the carrier most desperate to increase its volume or share of market. Exploit airline alliances by playing off one partner against another on the same routes. You may be able to get discounts of up to 50 percent on published fares depending on how many "seat miles" you agree to buy a year. The same applies to hotels.

- You may be able to save 10 to 40 percent by "split-ticketing" — a device whereby you buy a one-way ticket out and a one-way ticket back based on local currency. If you travel frequently to a destination — especially in Asia — consider buying a one-way ticket out and a series of round-trip tickets at the other end.

- Traveling between Europe, North America or Asia you can save serious money on published round-trip fares of your home airline by traveling via a hub in another country, a strategy that I call "cross-border hubbing." Combine two trips for the price of one by stopping over to do business en route. Carriers always do their best deals in someone else's back yard. Thus British Airways will probably sell you a cheaper long-haul fare if you live in France or Germany.

THE CAR COLUMN

'New' Laguna Aims for the Top

By Gavin Green

ONE of the truisms of car styling is that face-lifted cars are invariably uglier than the originals. It's much the same with people, of course. A nip here, a tuck here, and — voila! — the result is often a smooth-skinned zombie.

Cars look uglier after they've been subjected to the stylists' scalpel because in most cases designers do their best work the first time around. For the marketing-inspired revamp, intended to make the car look fresh and boost sales, they are forced to make a change — but rarely make an improvement. Used car lots are littered with Mk2 models that are clumsy pastiches of sleeker originals. Notable disfigurements include face-lifted versions of the Fiat Uno and Tipo, all Alfa Spiders that followed the gorgeous original, the revised VW Beetle and the square-ended and short-lived Mini Clubman.

But carmakers are slowly getting the message, and many recent face-lifts have been discreet. Rather than rely on surgery to boost flagging sales, they rely on more concrete changes, such as better engines, better quality or improved specifications. That is precisely the path that Renault has followed with its "new" — car-speak for revised — Laguna.

AN HONEST FAMILY CAR

The old Laguna, introduced in 1994, sold well and was always an honest, roomy, comfortable family car. It looked good, too, with its beak nose and swoopy style, which is why, when it came to a revamp, the stylists left the body more or less alone. The biggest visual change is the deeper front spoiler, with round fog lamps, which changes the face of the car without making it look like a motorized Michael Jackson. The lights are also new, although their shape is much the same.

It's under the hood that Renault has put in the effort. Renault engines are usually rubbish, and the old Laguna was no different, with a range of groaning, vibratory four-cylinder motors and an undistinguished V6. Now, there are two new four-cylinders, a direct-injection diesel and the new V6, as tested here.

The V6 is a collaborative effort with its French rival Peugeot.

In V6 trim, the Laguna has more than sensible shoes. Mondeo, Vectra, Peugeot 406s and Passats in its sights. As well as hunting sportier versions of its mass-made rivals, it is also gunning for performance stars such as BMWs, Audis and Mercedes-Benzes. Unlike many of its big-volume rivals, who are increasingly resigned to leaving the top-end market to the prestige names, Renault still has serious designs on rich people's money. "The French are renowned for their prestige goods," said the design boss, Anthony Grade. "I don't see why it should be any different for cars."

The revamped Laguna V6 can certainly compete on performance. Its V6 — at last there's some evidence that Renault can build more than just good Formula One engines! — is as fast as it is melodious and yowls around to its maximum revs with a joyful verve. It helps make the Laguna as accelerative as the much pricier BMW 328i and is much brisker than the same-money BMW 318i, which has only four-cylinders. A shame that the five-speed manual gearbox (an automatic is also available) is so bendy and imprecise.

The handling and ride are good, even if it doesn't drive with quite the pre-

cision of a BMW. The front-wheel drive is mostly to blame. Putting all that power and torque through the same wheels that also do the steering, invariably leads to some steering tug and loss of feel.

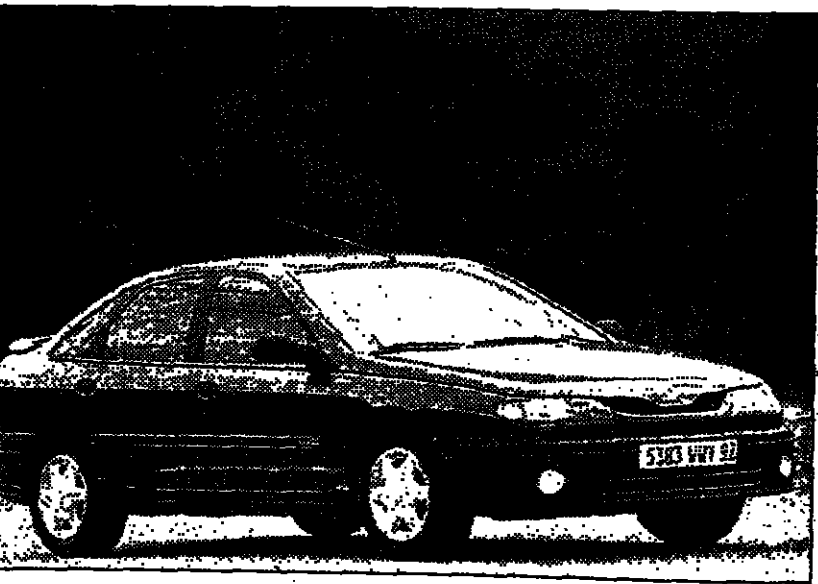
The Laguna is tolerably well made too, even if the quality of plastics are a little cheap. For a car sitting at top-end Germans. And, being based on a normal family car, the Laguna V6 is roomy and its hatchback trunk is spacious and versatile.

In most markets, it is also good value. Renault knows it has to undercut and outperform BMWs and Audis and Mercedes-Benzes if it is going to get noticed in the performance-sedan market. With the latest V6 Laguna it has succeeded — without having to resort to the stylist's scalpel.

• Renault Laguna V6. About \$32,000. V6 engine, 2946cc, 194 bhp at 5,750 rpm. Front-wheel drive, five-speed manual transmission (four-speed automatic also available). Top speed: 235 kph (146 mph). Acceleration: 0-100 kph in 7.7 seconds. Average fuel consumption: 11.0 liters/100 km.

Next: Ford Focus

Gavin Green is the editor in chief of Car magazine.



(now you're talking)

AT&T

AT&T Direct Service

SPANISH

AT&T Access Numbers

| | | | |
|---------------|----------------|---------|----------------|
| North America | 1-800-333-3333 | Spain | 1-800-333-3333 |
| Europe | 1-800-333-3333 | France | 1-800-333-3333 |
| Japan | 1-800-333-3333 | Italy | 1-800-333-3333 |
| Australia | 1-800-333-3333 | Germany | 1-800-333-3333 |
| South America | 1-800-333-3333 | Canada | 1-800-333-3333 |
| India | 1-800-333-3333 | China | 1-800-333-3333 |
| South Africa | 1-800-333-3333 | Other | 1-800-333-3333 |

with AT&T DirectSM Service. Get fast, clear, reliable connections home from foreign lands. Just dial the access number of the country you're calling from and charge it to your AT&T Calling Card or credit card. Translation? Easy worldwide calling. For a list of access numbers, see our ad on the back page.

It's all within your reach.



كلمة من الجريدة

ARTS GUIDE

AUSTRIA

VIENNA
KunstHausWien, tel: (1) 712-04-95, open daily. To Jan. 31: "Peter Lindbergh: Images of Women." Lindbergh focuses on photography for international designers and fashion stylists. The 200 photographs gathered here document his work in fashion and advertising, but also include landscapes, nudes and still lifes.

Osterreichische Galerie Belvedere, tel: (1) 795-57, closed Mondays. To Nov. 22: "Carl Moll." Eighty paintings and graphic works by the Austrian painter (1861-1945), co-founder with Gustav Klimt and Josef Engelhart of the Viennese Secession, a group of architects and artists whose aims were to gain exposure for unconventional and for foreign artists.

BELGIUM

ANTWERP
Hasseltmuseum, tel: (3) 206-0350, closed Mondays. Continuing/To Oct. 11: "L'Art Non Conformiste d'Union Soviétique, 1959-1988." After Stalin's death in 1953, non-conformist, nonofficial artists were able to exhibit their works: surrealism, expressionism, photo-realism and conceptual art flourished.

BRUXELLES
Memlingmuseum, tel: (50) 44-88-44, open daily. Continuing/To Dec. 8: "From Memling to Pourbus." Focuses on 15th- and 16th-century art in Bruges with paintings by Hans Memling, Gerard David and Pieter Pourbus.

BRITAIN

LONDON
Barbican Art Gallery, tel: (171) 638-8891, open daily. To Dec. 13: "Native Nations: Journeys in American Photography." More than 500 19th-century photographs of Native American subjects that challenge the stereotype of the "red Indian." The second part of the exhibition focuses on the work of 18 Native American artists this century.

British Museum, tel: (171) 323-8525, open daily. Continuing/To Nov. 15: "Buddhist Arts of the Edo Period (1600-1868)." Buddhist sculpture, ritual implements, paintings and prints from the 17th to 19th centuries from the museum's collections.

www.british-museum.ac.uk
Estorick Collection of Modern Italian Art, tel: (171) 704-9522, closed Sundays and Mondays. To Dec. 13: "Balla and Futurist Italy: Paintings From the Galleria Nazionale d'Arte Moderna, Roma." More than 20 Futurist paintings that illustrate the ideology of the manifesto published in 1909: Aesthetic must be based on the dynamism of the city and the new machine age. Features works by three turn-of-the-century Italian artists: Giacomo Balla, Umberto Boccioni and Luigi Russolo.

letto's Eyes." Venice's festivals and regattas in a small selection of paintings and drawings by the Italian painter (1887-1988).

Tate Gallery, tel: (171) 987-9000, open daily. Continuing/To Nov. 1: "Moonlight and Firelight: Watercolours From the Turner Bequest." Examines Turner's interest in depicting the hues of moonlight in 80 watercolours, prints, sketches and one oil painting.

Whitechapel, tel: (171) 522-7888, closed Mondays. To Nov. 22: "Speed." Brings together sculpture, painting, photography and video from 20th-century artists as diverse as Umberto Boccioni, Fernand Leger, Walter Sickert and Stieglitz Hapaska, as well as objects of design that reflect our obsession with time and movement.

FINLAND
Helsinki Museum of Finnish Art, tel: (0) 17-33-81, closed Mondays. Continuing/To Oct. 18: "Mir Iksus: Russian Neo-Romanticism and the Finnish Golden Age." Works by Russian artists who belonged to the reform-oriented movement Mir Iksus in St. Petersburg in the 1890s.

FRANCE
Fondation Dina Vierny-Musee Mollot, tel: 01-49-20-12-25, closed Tuesdays and holidays. Continuing/To Sept. 30: "Diego Rivera — Frida Kahlo: Regards

formances of Puccini's "Turandot," conducted by Zubin Mehta. Sharon Sweet alternates in the title role with Giovanna Casolla and Audrey Stotler; Barbara Hendricks and Barbara Fritoli alternate as Liu.

GERMANY
Berlin Nationalgalerie, tel: (30) 266-2656, closed Mondays. To Nov. 11:

"Fontane und die Bildende Kunst." Documents the relationship between German journalist and critic Theodore Fontane (1819-1898) and with British and German 19th-century art. The exhibition brings together paintings, drawings and sculptures by Hogarth, Gainsborough, Turner and the Pre-Raphaelites, as well as works by Schinkel, Cornelius, Menzel and Liebermann.

DUSSELDORF
Kunstseminar Nordrhein-Westfalen, tel: (211) 3381-0, closed Mondays. To Nov. 28: "Max Ernst: Skulpturen, Häuser, Landschaften." Focuses on the links between the German artist's works and the places he lived, even shortly: Tyrol, Arizona, Long Island near New York, the banks of the Loire in France. The exhibition brings together chronologically more than 100 sculptures and approximately 15 paintings.

HONG KONG
Art Gallery, Chinese University, tel: (852) 2809-7416, closed public holidays. To Nov. 15: "The Sanbui Tang Collection of Masterworks by Ting Yin Yung." Ting Yin Yung (1902-1976) began his creative career with Western techniques in oil painting, but returned to the Chinese tradition of brush and ink.

ITALY
Padova Galleria Civica, tel: (049) 820-4543, closed Mondays. To Sept. 27: "Frammenti di Moda." Approximately 200 fashion photographs dating to the early 1970s. Three photographers share the limelight: Claudio Mainardi, Fabio Santagiuliana and Lella Zupatti.

VENICE
Palazzo Grassi, tel: (041) 522-9875, open daily. To May 16: "I Maya." One hundred items trace the development of the Mayan civilization in Central America and Mexico. The exhibition looks at their architecture, their way of life and the importance of maize, their religious beliefs and rituals, and their contribution to astronomy and mathematics.

JAPAN
Nagoya Nagoya City Museum, tel: (52) 853-2855, closed Mondays and the fourth Tuesday of each month. To Oct. 11: "Buddha Exhibition." Items of Buddhist art illustrating its spread and evolution in Asia.

NARA
Nara National Museum, tel: (742) 227771, closed Mondays. To Oct. 4: "Kudara Kannon Statue." The personification of infinite compassion, the bodhisattva Kannon, meaning "the one who hears their cries," is a National Treasure. Usually kept in a temple in Nara, the statue is two meters high and made from a single block of camellia wood.

TOKYO
Setagaya Art Museum, tel: (3)

3415-6011, closed 2d and 4th Mondays of the month. To Oct. 18: "James Turrell: Where Does the Light in Our Dreams Come From?" Three site-specific works by the American artist (born 1943) explore visual perception and the use of light.

Tokyo Fuji Art Museum, tel: (426) 91-4511, closed Mondays. To April 18, 1999: "A 4000-Year Art Expedition: From Ancient Egypt to Andy Warhol." An exhibition of 200 paintings, sculptures and photographs covering the Egyptian, Greek and Roman periods through the Renaissance and to the 20th century.

SINGAPORE
Singapore History Museum, tel: tel: 352-3528, closed Mondays. Continuing/To Dec. 28: "House of Jade: The Aw Boon Haw Collection." Features a selection of jade carvings from the Qing Dynasty (1644-1911) as well as jasper, quartz and agate ornaments.

SOUTH KOREA
Seoul Ho-Am Art Gallery, tel: (2) 750-7873, closed Mondays. Continuing/To Oct. 11: "Treasures of the Late Choson Dynasty." Highlights traditional culture found in the 18th and 19th centuries, before Korea opened itself to Western influence. The show includes Buddhist and court arts, porcelain, painting and calligraphy.

SPAIN
Bilbao Guggenheim Museum Bilbao, tel: (4) 435-9000, closed Mondays. Continuing/To Oct. 22: "China: 5,000 Anos." Approximately 500 items dating back to the Neolithic, including jade pieces, funerary ceramics, Buddhist art and porcelains. The modern part of the exhibition features paintings from the middle of the 19th century to contemporary creations.

SWITZERLAND
Winterthur Kunstmuseum, tel: (52) 267-5182, closed Mondays. To Nov. 15: "Drawing Is Another Language." From a private collection, drawings by Jasper Johns, Ellsworth Kelly, Sol LeWitt, Barnett Newman, Rauschenberg and Richard Serra.

UNITED STATES
Chicago Art Institute, tel: (312) 443-3800, open daily. To Nov. 22: "Ancient West Mexico: Art of the Unknown Past." West Mexico is now emerging as a rich archaeological area where complex societies evolved between 200 B.C. and 250 A.D. The terra-cotta sculptures found in tombs include human figures, animals, plants and models of architecture.

HOUSTON
Museum of Fine Arts, tel: (713) 639-7300, closed Mondays. To

Oct. 25: "La Danse des Kachinas." More than 150 dolls and masks created by the Hopi and Zuni Indians of North America. They were collected by such Surrealist artists as Breton, Matta, Ernst and Duchamp.

ST. PAUL DE VENICE
Fondation Meeght, tel: 04-93-32-81-83, open daily. Continuing/To Oct. 18: "Otto Dix." A large selection of paintings, drawings, sketches and engravings by the German artist (1891-1969). The realistic World War I sketches and engravings precede the disillusioned paintings of life in the Weimar Republic.

Art Gallery, Chinese University, tel: (852) 2809-7416, closed public holidays. To Nov. 15: "The Sanbui Tang Collection of Masterworks by Ting Yin Yung." Ting Yin Yung (1902-1976) began his creative career with Western techniques in oil painting, but returned to the Chinese tradition of brush and ink.

ITALY
Padova Galleria Civica, tel: (049) 820-4543, closed Mondays. To Sept. 27: "Frammenti di Moda." Approximately 200 fashion photographs dating to the early 1970s. Three photographers share the limelight: Claudio Mainardi, Fabio Santagiuliana and Lella Zupatti.

VENICE
Palazzo Grassi, tel: (041) 522-9875, open daily. To May 16: "I Maya." One hundred items trace the development of the Mayan civilization in Central America and Mexico. The exhibition looks at their architecture, their way of life and the importance of maize, their religious beliefs and rituals, and their contribution to astronomy and mathematics.

JAPAN
Nagoya Nagoya City Museum, tel: (52) 853-2855, closed Mondays and the fourth Tuesday of each month. To Oct. 11: "Buddha Exhibition." Items of Buddhist art illustrating its spread and evolution in Asia.

NARA
Nara National Museum, tel: (742) 227771, closed Mondays. To Oct. 4: "Kudara Kannon Statue." The personification of infinite compassion, the bodhisattva Kannon, meaning "the one who hears their cries," is a National Treasure. Usually kept in a temple in Nara, the statue is two meters high and made from a single block of camellia wood.

TOKYO
Setagaya Art Museum, tel: (3)

3415-6011, closed 2d and 4th Mondays of the month. To Oct. 18: "James Turrell: Where Does the Light in Our Dreams Come From?" Three site-specific works by the American artist (born 1943) explore visual perception and the use of light.

Tokyo Fuji Art Museum, tel: (426) 91-4511, closed Mondays. To April 18, 1999: "A 4000-Year Art Expedition: From Ancient Egypt to Andy Warhol." An exhibition of 200 paintings, sculptures and photographs covering the Egyptian, Greek and Roman periods through the Renaissance and to the 20th century.

SINGAPORE
Singapore History Museum, tel: tel: 352-3528, closed Mondays. Continuing/To Dec. 28: "House of Jade: The Aw Boon Haw Collection." Features a selection of jade carvings from the Qing Dynasty (1644-1911) as well as jasper, quartz and agate ornaments.

SOUTH KOREA
Seoul Ho-Am Art Gallery, tel: (2) 750-7873, closed Mondays. Continuing/To Oct. 11: "Treasures of the Late Choson Dynasty." Highlights traditional culture found in the 18th and 19th centuries, before Korea opened itself to Western influence. The show includes Buddhist and court arts, porcelain, painting and calligraphy.

SPAIN
Bilbao Guggenheim Museum Bilbao, tel: (4) 435-9000, closed Mondays. Continuing/To Oct. 22: "China: 5,000 Anos." Approximately 500 items dating back to the Neolithic, including jade pieces, funerary ceramics, Buddhist art and porcelains. The modern part of the exhibition features paintings from the middle of the 19th century to contemporary creations.

SWITZERLAND
Winterthur Kunstmuseum, tel: (52) 267-5182, closed Mondays. To Nov. 15: "Drawing Is Another Language." From a private collection, drawings by Jasper Johns, Ellsworth Kelly, Sol LeWitt, Barnett Newman, Rauschenberg and Richard Serra.

UNITED STATES
Chicago Art Institute, tel: (312) 443-3800, open daily. To Nov. 22: "Ancient West Mexico: Art of the Unknown Past." West Mexico is now emerging as a rich archaeological area where complex societies evolved between 200 B.C. and 250 A.D. The terra-cotta sculptures found in tombs include human figures, animals, plants and models of architecture.

HOUSTON
Museum of Fine Arts, tel: (713) 639-7300, closed Mondays. To

Oct. 25: "La Danse des Kachinas." More than 150 dolls and masks created by the Hopi and Zuni Indians of North America. They were collected by such Surrealist artists as Breton, Matta, Ernst and Duchamp.

ST. PAUL DE VENICE
Fondation Meeght, tel: 04-93-32-81-83, open daily. Continuing/To Oct. 18: "Otto Dix." A large selection of paintings, drawings, sketches and engravings by the German artist (1891-1969). The realistic World War I sketches and engravings precede the disillusioned paintings of life in the Weimar Republic.

Art Gallery, Chinese University, tel: (852) 2809-7416, closed public holidays. To Nov. 15: "The Sanbui Tang Collection of Masterworks by Ting Yin Yung." Ting Yin Yung (1902-1976) began his creative career with Western techniques in oil painting, but returned to the Chinese tradition of brush and ink.

ITALY
Padova Galleria Civica, tel: (049) 820-4543, closed Mondays. To Sept. 27: "Frammenti di Moda." Approximately 200 fashion photographs dating to the early 1970s. Three photographers share the limelight: Claudio Mainardi, Fabio Santagiuliana and Lella Zupatti.

VENICE
Palazzo Grassi, tel: (041) 522-9875, open daily. To May 16: "I Maya." One hundred items trace the development of the Mayan civilization in Central America and Mexico. The exhibition looks at their architecture, their way of life and the importance of maize, their religious beliefs and rituals, and their contribution to astronomy and mathematics.

JAPAN
Nagoya Nagoya City Museum, tel: (52) 853-2855, closed Mondays and the fourth Tuesday of each month. To Oct. 11: "Buddha Exhibition." Items of Buddhist art illustrating its spread and evolution in Asia.

NARA
Nara National Museum, tel: (742) 227771, closed Mondays. To Oct. 4: "Kudara Kannon Statue." The personification of infinite compassion, the bodhisattva Kannon, meaning "the one who hears their cries," is a National Treasure. Usually kept in a temple in Nara, the statue is two meters high and made from a single block of camellia wood.

TOKYO
Setagaya Art Museum, tel: (3)

3415-6011, closed 2d and 4th Mondays of the month. To Oct. 18: "James Turrell: Where Does the Light in Our Dreams Come From?" Three site-specific works by the American artist (born 1943) explore visual perception and the use of light.

Tokyo Fuji Art Museum, tel: (426) 91-4511, closed Mondays. To April 18, 1999: "A 4000-Year Art Expedition: From Ancient Egypt to Andy Warhol." An exhibition of 200 paintings, sculptures and photographs covering the Egyptian, Greek and Roman periods through the Renaissance and to the 20th century.

SINGAPORE
Singapore History Museum, tel: tel: 352-3528, closed Mondays. Continuing/To Dec. 28: "House of Jade: The Aw Boon Haw Collection." Features a selection of jade carvings from the Qing Dynasty (1644-1911) as well as jasper, quartz and agate ornaments.

SOUTH KOREA
Seoul Ho-Am Art Gallery, tel: (2) 750-7873, closed Mondays. Continuing/To Oct. 11: "Treasures of the Late Choson Dynasty." Highlights traditional culture found in the 18th and 19th centuries, before Korea opened itself to Western influence. The show includes Buddhist and court arts, porcelain, painting and calligraphy.

SPAIN
Bilbao Guggenheim Museum Bilbao, tel: (4) 435-9000, closed Mondays. Continuing/To Oct. 22: "China: 5,000 Anos." Approximately 500 items dating back to the Neolithic, including jade pieces, funerary ceramics, Buddhist art and porcelains. The modern part of the exhibition features paintings from the middle of the 19th century to contemporary creations.

SWITZERLAND
Winterthur Kunstmuseum, tel: (52) 267-5182, closed Mondays. To Nov. 15: "Drawing Is Another Language." From a private collection, drawings by Jasper Johns, Ellsworth Kelly, Sol LeWitt, Barnett Newman, Rauschenberg and Richard Serra.

UNITED STATES
Chicago Art Institute, tel: (312) 443-3800, open daily. To Nov. 22: "Ancient West Mexico: Art of the Unknown Past." West Mexico is now emerging as a rich archaeological area where complex societies evolved between 200 B.C. and 250 A.D. The terra-cotta sculptures found in tombs include human figures, animals, plants and models of architecture.

HOUSTON
Museum of Fine Arts, tel: (713) 639-7300, closed Mondays. To

Oct. 25: "La Danse des Kachinas." More than 150 dolls and masks created by the Hopi and Zuni Indians of North America. They were collected by such Surrealist artists as Breton, Matta, Ernst and Duchamp.

ST. PAUL DE VENICE
Fondation Meeght, tel: 04-93-32-81-83, open daily. Continuing/To Oct. 18: "Otto Dix." A large selection of paintings, drawings, sketches and engravings by the German artist (1891-1969). The realistic World War I sketches and engravings precede the disillusioned paintings of life in the Weimar Republic.

Art Gallery, Chinese University, tel: (852) 2809-7416, closed public holidays. To Nov. 15: "The Sanbui Tang Collection of Masterworks by Ting Yin Yung." Ting Yin Yung (1902-1976) began his creative career with Western techniques in oil painting, but returned to the Chinese tradition of brush and ink.

ITALY
Padova Galleria Civica, tel: (049) 820-4543, closed Mondays. To Sept. 27: "Frammenti di Moda." Approximately 200 fashion photographs dating to the early 1970s. Three photographers share the limelight: Claudio Mainardi, Fabio Santagiuliana and Lella Zupatti.

VENICE
Palazzo Grassi, tel: (041) 522-9875, open daily. To May 16: "I Maya." One hundred items trace the development of the Mayan civilization in Central America and Mexico. The exhibition looks at their architecture, their way of life and the importance of maize, their religious beliefs and rituals, and their contribution to astronomy and mathematics.

JAPAN
Nagoya Nagoya City Museum, tel: (52) 853-2855, closed Mondays and the fourth Tuesday of each month. To Oct. 11: "Buddha Exhibition." Items of Buddhist art illustrating its spread and evolution in Asia.

NARA
Nara National Museum, tel: (742) 227771, closed Mondays. To Oct. 4: "Kudara Kannon Statue." The personification of infinite compassion, the bodhisattva Kannon, meaning "the one who hears their cries," is a National Treasure. Usually kept in a temple in Nara, the statue is two meters high and made from a single block of camellia wood.

TOKYO
Setagaya Art Museum, tel: (3)

3415-6011, closed 2d and 4th Mondays of the month. To Oct. 18: "James Turrell: Where Does the Light in Our Dreams Come From?" Three site-specific works by the American artist (born 1943) explore visual perception and the use of light.

Tokyo Fuji Art Museum, tel: (426) 91-4511, closed Mondays. To April 18, 1999: "A 4000-Year Art Expedition: From Ancient Egypt to Andy Warhol." An exhibition of 200 paintings, sculptures and photographs covering the Egyptian, Greek and Roman periods through the Renaissance and to the 20th century.

SINGAPORE
Singapore History Museum, tel: tel: 352-3528, closed Mondays. Continuing/To Dec. 28: "House of Jade: The Aw Boon Haw Collection." Features a selection of jade carvings from the Qing Dynasty (1644-1911) as well as jasper, quartz and agate ornaments.

SOUTH KOREA
Seoul Ho-Am Art Gallery, tel: (2) 750-7873, closed Mondays. Continuing/To Oct. 11: "Treasures of the Late Choson Dynasty." Highlights traditional culture found in the 18th and 19th centuries, before Korea opened itself to Western influence. The show includes Buddhist and court arts, porcelain, painting and calligraphy.

SPAIN
Bilbao Guggenheim Museum Bilbao, tel: (4) 435-9000, closed Mondays. Continuing/To Oct. 22: "China: 5,000 Anos." Approximately 500 items dating back to the Neolithic, including jade pieces, funerary ceramics, Buddhist art and porcelains. The modern part of the exhibition features paintings from the middle of the 19th century to contemporary creations.

SWITZERLAND
Winterthur Kunstmuseum, tel: (52) 267-5182, closed Mondays. To Nov. 15: "Drawing Is Another Language." From a private collection, drawings by Jasper Johns, Ellsworth Kelly, Sol LeWitt, Barnett Newman, Rauschenberg and Richard Serra.

UNITED STATES
Chicago Art Institute, tel: (312) 443-3800, open daily. To Nov. 22: "Ancient West Mexico: Art of the Unknown Past." West Mexico is now emerging as a rich archaeological area where complex societies evolved between 200 B.C. and 250 A.D. The terra-cotta sculptures found in tombs include human figures, animals, plants and models of architecture.

HOUSTON
Museum of Fine Arts, tel: (713) 639-7300, closed Mondays. To

Oct. 25: "La Danse des Kachinas." More than 150 dolls and masks created by the Hopi and Zuni Indians of North America. They were collected by such Surrealist artists as Breton, Matta, Ernst and Duchamp.

ST. PAUL DE VENICE
Fondation Meeght, tel: 04-93-32-81-83, open daily. Continuing/To Oct. 18: "Otto Dix." A large selection of paintings, drawings, sketches and engravings by the German artist (1891-1969). The realistic World War I sketches and engravings precede the disillusioned paintings of life in the Weimar Republic.

Art Gallery, Chinese University, tel: (852) 2809-7416, closed public holidays. To Nov. 15: "The Sanbui Tang Collection of Masterworks by Ting Yin Yung." Ting Yin Yung (1902-1976) began his creative career with Western techniques in oil painting, but returned to the Chinese tradition of brush and ink.

ITALY
Padova Galleria Civica, tel: (049) 820-4543, closed Mondays. To Sept. 27: "Frammenti di Moda." Approximately 200 fashion photographs dating to the early 1970s. Three photographers share the limelight: Claudio Mainardi, Fabio Santagiuliana and Lella Zupatti.

VENICE
Palazzo Grassi, tel: (041) 522-9875, open daily. To May 16: "I Maya." One hundred items trace the development of the Mayan civilization in Central America and Mexico. The exhibition looks at their architecture, their way of life and the importance of maize, their religious beliefs and rituals, and their contribution to astronomy and mathematics.

JAPAN
Nagoya Nagoya City Museum, tel: (52) 853-2855, closed Mondays and the fourth Tuesday of each month. To Oct. 11: "Buddha Exhibition." Items of Buddhist art illustrating its spread and evolution in Asia.

NARA
Nara National Museum, tel: (742) 227771, closed Mondays. To Oct. 4: "Kudara Kannon Statue." The personification of infinite compassion, the bodhisattva Kannon, meaning "the one who hears their cries," is a National Treasure. Usually kept in a temple in Nara, the statue is two meters high and made from a single block of camellia wood.

TOKYO
Setagaya Art Museum, tel: (3)

3415-6011, closed 2d and 4th Mondays of the month. To Oct. 18: "James Turrell: Where Does the Light in Our Dreams Come From?" Three site-specific works by the American artist (born 1943) explore visual perception and the use of light.

Tokyo Fuji Art Museum, tel: (426) 91-4511, closed Mondays. To April 18, 1999: "A 4000-Year Art Expedition: From Ancient Egypt to Andy Warhol." An exhibition of 200 paintings, sculptures and photographs covering the Egyptian, Greek and Roman periods through the Renaissance and to the 20th century.

SINGAPORE
Singapore History Museum, tel: tel: 352-3528, closed Mondays. Continuing/To Dec. 28: "House of Jade: The Aw Boon Haw Collection." Features a selection of jade carvings from the Qing Dynasty (1644-1911) as well as jasper, quartz and agate ornaments.

SOUTH KOREA
Seoul Ho-Am Art Gallery, tel: (2) 750-7873, closed Mondays. Continuing/To Oct. 11: "Treasures of the Late Choson Dynasty." Highlights traditional culture found in the 18th and 19th centuries, before Korea opened itself to Western influence. The show includes Buddhist and court arts, porcelain, painting and calligraphy.

SPAIN
Bilbao Guggenheim Museum Bilbao, tel: (4) 435-9000, closed Mondays. Continuing/To Oct. 22: "China: 5,000 Anos." Approximately 500 items dating back to the Neolithic, including jade pieces, funerary ceramics, Buddhist art and porcelains. The modern part of the exhibition features paintings from the middle of the 19th century to contemporary creations.

SWITZERLAND
Winterthur Kunstmuseum, tel: (52) 267-5182, closed Mondays. To Nov. 15: "Drawing Is Another Language." From a private collection, drawings by Jasper Johns, Ellsworth Kelly, Sol LeWitt, Barnett Newman, Rauschenberg and Richard Serra.

UNITED STATES
Chicago Art Institute, tel: (312) 443-3800, open daily. To Nov. 22: "Ancient West Mexico: Art of the Unknown Past." West Mexico is now emerging as a rich archaeological area where complex societies evolved between 200 B.C. and 250 A.D. The terra-cotta sculptures found in tombs include human figures, animals, plants and models of architecture.

HOUSTON
Museum of Fine Arts, tel: (713) 639-7300, closed Mondays. To

Oct. 25: "La Danse des Kachinas." More than 150 dolls and masks created by the Hopi and Zuni Indians of North America. They were collected by such Surrealist artists as Breton, Matta, Ernst and Duchamp.

ST. PAUL DE VENICE
Fondation Meeght, tel: 04-93-32-81-83, open daily. Continuing/To Oct. 18: "Otto Dix." A large selection of paintings, drawings, sketches and engravings by the German artist (1891-1969). The realistic World War I sketches and engravings precede the disillusioned paintings of life in the Weimar Republic.

Art Gallery, Chinese University, tel: (852) 2809-7416, closed public holidays. To Nov. 15: "The Sanbui Tang Collection of Masterworks by Ting Yin Yung." Ting Yin Yung (1902-1976) began his creative career with Western techniques in oil painting, but returned to the Chinese tradition of brush and ink.

ITALY
Padova Galleria Civica, tel: (049) 820-4543, closed Mondays. To Sept. 27: "Frammenti di Moda." Approximately 200 fashion photographs dating to the early 1970s. Three photographers share the limelight: Claudio Mainardi, Fabio Santagiuliana and Lella Zupatti.

VENICE
Palazzo Grassi, tel: (041) 522-9875, open daily. To May 16: "I Maya." One hundred items trace the development of the Mayan civilization in Central America and Mexico. The exhibition looks at their architecture, their way of life and the importance of maize, their religious beliefs and rituals, and their contribution to astronomy and mathematics.

JAPAN
Nagoya Nagoya City Museum, tel: (52) 853-2855, closed Mondays and the fourth Tuesday of each month. To Oct. 11: "Buddha Exhibition." Items of Buddhist art illustrating its spread and evolution in Asia.

NARA
Nara National Museum, tel: (742) 227771, closed Mondays. To Oct. 4: "Kudara Kannon Statue." The personification of infinite compassion, the bodhisattva Kannon, meaning "the one who hears their cries," is a National Treasure. Usually kept in a temple in Nara, the statue is two meters high and made from a single block of camellia wood.

TOKYO
Setagaya Art Museum, tel: (3)

3415-6011, closed 2d and 4th Mondays of the month. To Oct. 18: "James Turrell: Where Does the Light in Our Dreams Come From?" Three site

NYSE

Thursday's 4 P.M. Close

Thursday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

Continued on Page 20

هكذا من الأصل

CURRENT

مكتبة الامم المتحدة

World Turmoil Leaves U.S. With Record Trade Deficit

The Associated Press
WASHINGTON — The current-account deficit jumped 21 percent in the second quarter, to a record \$56.5 billion, the Commerce Department reported Thursday, as the economic problems in emerging markets affected exports.

The increase from a record \$46.7 billion in the second quarter puts the United States on track to register a deficit above \$200 billion for all of 1998. That would be the worst since the government began tracking the data just after World War II, beating the record of \$168 billion set in 1987. The deficit last year was \$155 billion.

With economic troubles hitting Asia, Russia and Latin America, U.S. companies' exports are slumping. At the same time, as their currencies have fallen sharply, foreign companies have been able to sell cheaply in the United States.

The deficit in goods alone hit a record \$64.8 billion in the second quarter, up 16 percent from the first quarter, while the U.S. surplus in services such as travel and consulting rose only 1 percent, to \$20.9 billion.

The current account, the broadest measure of a country's trade, also measures investment flows and foreign aid.

Meanwhile, the pilots' strike and related layoffs at Northwest Airlines pushed up the number of first-time applications for unemployment benefits last week to a seven-week high.

Benefit claims totaled a seasonally adjusted 312,000, up from 304,000 the week before, the most since the week ended July 18, the Labor Department said Thursday. A department analyst attributed much of the increase to a large rise in Minnesota, the home state of Northwest, the fourth-largest U.S. airline.

Just two weeks earlier, claims had hit a four-month low of 299,000. For two consecutive weeks in late June and early July, they soared to 394,000, a result of the General Motors strikes.

A four-week moving average of claims, which smooths weekly fluctuations, rose to 304,500, up from 302,500 and the most in four weeks.

The U.S. unemployment rate, at 4.5 percent in August, remains near a 28-year low.



Mr. Maughan of Salomon, left, speaking with Mr. Mahathir on Thursday.

Asian Silver Lining on Wall Street

Malaysia Hires Salomon to Raise Funds as Crisis Creates Odd Couple

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Worries over the growing pile of bad debt in Asia have sent markets tumbling over the past year, but it has not been bad news for everyone.

Asian governments are turning to Wall Street for their cash needs, striking deals that could translate into hundreds of millions of dollars, if not billions, in fees and commissions for American investment banks.

On Thursday, Malaysia became the latest country in the region to appoint a Wall Street firm as its financial adviser. Salomon Smith Barney Inc., one of the largest American investment banks, is now charged with promoting the country among international investors and raising an undisclosed amount to be used to recapitalize the domestic banking system.

Last month the government of Indonesia awarded Lehman Brothers Inc. and Goldman Sachs & Co. the mandate to sell stakes in 12 state-owned companies. Earlier this year Thailand took on Goldman as an adviser to its Finance Ministry. And South Korea has sold \$3 billion worth of bonds with the help of Salomon and Goldman.

"You have hundreds of billions of dollars of assets to restructure between Tokyo and Jakarta over the next five years," said Kenneth Courtis, chief economist at Deutsche Bank in Tokyo. "That's probably the greatest investment banking opportunity in the world."

In the case of Malaysia, official estimates of the total amount of cash needed to restructure the country's banking system reach \$10.8 billion.

Assuming Salomon raises the entire amount, the bank could make more than \$250 million in commissions, according to Marshall Mays, chief economist at Nikko Securities in Hong Kong.

"This is a way for Wall Street to get back into the action in Asia," said Catherine Mann, senior fellow at the Institute for International Economics in Washington.

The string of deals between Asian governments and Wall Street firms highlights not only the preeminence of U.S. investment banks around the world but also the ambivalence toward them in Asia.

Prime Minister Mahathir bin Mohamad of Malaysia, for one, has been a fierce critic of the financial principles that underpin investment banks such as Salomon. He has blamed uncontrolled flows of investment capital and foreign-exchange speculators for triggering the Asian financial crisis, the very plight his country is now inviting Wall Street to profit from.

Just last week Mr. Mahathir called for people to "take some action which is contrary to the philosophy of the principles of the free market," Mr. Mahathir clamped down on currency trading and told foreign investors in the stock market that they could not take their money out of the country for one year.

Why, then, did he call in Wall Street

to raise money? "It permits a greater degree of control over the national financial system, which has been a priority of the prime minister," said Jomo K.S., a professor of economics at the University of Malaysia.

By hiring Salomon to sell and underwrite Malaysian government bonds overseas, he said, Mr. Mahathir avoided turning to international organizations such as the World Bank or the International Monetary Fund for money that would come with strings attached.

Typically in a bond underwriting deal, Salomon would ask for an up-front fee to cover its costs and then take a percentage of the bond sales — perhaps 1.5 percent.

But Salomon's job will be more than just selling bonds. The firm could lend credibility to Malaysia in the eyes of international investors. Already on Thursday, Salomon's top guns were issuing soothing words about Malaysia's somewhat unorthodox plans to combat the economic crisis.

"It is our expectation that the measures that are being taken will promote the strengthening of the economy," said Deryck Maughan, co-chairman of Salomon. "We expect that Malaysia will maintain a sound fiscal position and substantial current account surplus."

Mr. Jomo of the University of Malaysia says that smooth words go with the job. "By appointing an American firm as an agent, you are going to basically get them to do PR work, which most governments are very ill-equipped to do," he said.

Up until a few weeks ago, Malaysian officials had said they would raise some of the money on their own. Officials from the Finance Ministry planned a trip to the United States and Europe to promote a \$2 billion bond issue. The trip was canceled after two rating agencies downgraded Malaysia's credit status to a few notches above "junk."

For Wall Street, too, there are reasons to go back to Asia. With yields on U.S. Treasuries at historic lows and with the recent volatility in U.S. markets, Asian debt could provide international investors with a higher-yield alternative, Mrs. Mann of the Institute for International Economics said.

Investors "look all their money out," she said. "Now is the time to go back in and be more realistic and differentiate among the borrowing classes."

Coming Soon to Russian Screens: More U.S. Movies

By Sophia Kishkovsky
New York Times Service

MOSCOW — Five years ago, Raymond Markovich and Paul Heth carried reels of second-run American films on their laps and candy bars and popcorn bags in their luggage on flights from Los Angeles to Moscow, using their credit cards to finance a movie theater here frequented by expatriates.

Today, the two operate Kodak Kinomir (Kodak Cinema World), one of the world's top-grossing single-screen cinemas, just blocks from the Kremlin.

They plan to open up to 15 multiplexes, with 100 screens in all, over the next five years, in an investment projected at \$110 million. They are part-owners of a film distribution company with exclusive rights to Walt Disney and Columbia TriStar pictures in Russia, so they should have no problems filling their screens.

And they say the financial crisis now shaking Russia has affected neither their plans nor attendance at Kinomir, which continues to play to packed houses.

From the revolution in 1917 through perestroika a decade ago, Russians flocked to movie theaters. The brutal

Stalin era produced happy movie musicals. Patriotic war movies helped spur the Soviet Union to victory over Hitler. Films made during perestroika helped bring down communism.

Attendance dropped in the mid-1990s. But despite such continuing economic turmoil as the free fall of the ruble in recent weeks, those who know the movie industry say that Russians, not just Muscovites, are ready to go back to the big screen. Doctors, miners and schoolteachers go unpaid for months, but economic hardship may actually be encouraging people to go to the movies. "Russians

like to be together," said Sergei Livnev, director of the Gorky Film Studios. "They're very communal. They want to watch a movie, then discuss it."

Two years ago, the Russian film industry was pronounced dead by the head of its own cinematographers' union. Hollywood studios were boycotting the market because of rampant video piracy. And theaters, with an overall occupancy rate of 5 percent, had to rent out their space as auto showrooms and nightclubs.

Now, the success of Kinomir, which

JAMES K. GLASSMAN ON INVESTING

Storied Lynch Stays His Bullish Course

Washington Post Service
PETER LYNCH'S flame, as the world's most famous mutual fund manager, continues to glow even though he retired as head of the Fidelity Magellan Fund in May 1990, after 13 years of brilliant stock-picking. During his run, Magellan's average annual return was a stunning 29.2 percent, compared with 15.8 percent for the Standard & Poor's 500-stock index.

The vast majority of fund managers can't beat the S&P, and edging it out by one or two points is a major accomplishment. Mr. Lynch's record, it is safe to say, will never be eclipsed. He is no Roger Maris.

I caught up with Mr. Lynch in a New York hotel on a day when market melt-down was the operative metaphor, but as usual, he was bullish. He was especially high on small-company stocks, which after being ignored in the rallies of the past two years, had just fallen 25 percent.

Mr. Lynch is the man who discovered Dunkin' Donuts Inc., Pier 1 Imports Inc., General Host Corp., La Quinta Motor Inns and Taco Bell Corp.; who bought savings and loans cheap when no one wanted them; who made 12 times his money in the Federal National Mortgage Association, or Fannie Mae, and who, despite taking lots of risks, never suffered a losing year — not even in the crash of 1987.

Mr. Lynch is also the greatest of the investing populists, arguing in his first book, "One Up on Wall Street," that

individual investors, if they keep their eyes open to great new products (like L'eggs pantyhose), actually have an edge on Wall Street money managers.

Since Mr. Lynch's departure, Magellan has been just another large growth fund, turning in a performance slightly below the S&P. But Mr. Lynch's record was so strong that, despite his absence since 1990, Magellan's average annual return for the 20 years ended June 30, 1998, was still 24.5 percent. If you had put \$10,000 into Magellan in 1978 and then added \$100 per month, you would today be a millionaire, according to calculations by Value Line.

Mr. Lynch stopped managing Magellan to spend more time with his children. He became vice chairman of Fidelity Management & Research Co., which may have seemed a sinecure, but, at last, the Fidelity folks realized what an asset they had on their hands, so he is now starting in an ad campaign.

The campaign stresses a simple and important concept: "Know what you own and know why you own it." You cannot, for example, know when to sell a stock unless you know why you bought it, but Fidelity found in a survey that only 45 percent of investors could list their investments.

The poll turned up more alarming tidbits, including that 40 percent of investors believe that, to pay for a wedding a year from now, they "should invest primarily in an aggressive stock fund." (The correct answer is a money-market fund or short-term bonds.)

When I talked with Mr. Lynch at the Millennium Broadway Hotel last week, the Dow was dropping 100 points. It would be down 5 percent for the week, 11 percent for the fortnight and 18 percent for the preceding month and a half.

But Mr. Lynch was optimistic. He was not the least interested in what was happening in the world economy or what the market was doing. "It is the same thing whether stocks are going down 20 percent or up 20 percent," he said.

He was interested, as usual, in owning great companies at good prices — and in figuring out ways to make Americans more sensible investors.

He would not lay any specific stock tips on me (sorry), but he did say he was attracted by the imbalance between small-caps and large-caps. For example, over the past three years, the Russell 2000 index, which tracks small stocks, has returned a total of only 15 percent, while the Standard & Poor's 500 Index, which tracks large-caps, has returned 80 percent. "I would not be buying index (i.e., S&P) funds in that scenario," he said. "I would be buying small-cap stocks."

Nor does Mr. Lynch fear emerging markets. Based on your own needs and tolerance for risk, he advised, you should compose a portfolio of mutual funds (remember, that's his business), with categories such as small-cap funds, balanced (stock and bond) funds and emerging-markets funds. "Then," he said, "if one category underperforms, I would add

See LYNCH, Page 19

CURRENCY & INTEREST RATES


| Cross Rates | | | | | | | | | |
|--------------|------|------|------|------|------|------|------|------|------|
| | \$ | £ | DM | FF | Yen | DM | FF | Yen | DM |
| Australia | 1.08 | 1.32 | 1.58 | 1.65 | 1.14 | 1.07 | 1.31 | 1.57 | 1.64 |
| Canada | 0.70 | 0.72 | 0.73 | 0.74 | 0.75 | 0.76 | 0.77 | 0.78 | 0.79 |
| France | 1.66 | 1.67 | 1.68 | 1.69 | 1.70 | 1.71 | 1.72 | 1.73 | 1.74 |
| Germany | 1.66 | 1.67 | 1.68 | 1.69 | 1.70 | 1.71 | 1.72 | 1.73 | 1.74 |
| Italy | 1.36 | 1.37 | 1.38 | 1.39 | 1.40 | 1.41 | 1.42 | 1.43 | 1.44 |
| Japan | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| UK | 0.69 | 0.70 | 0.71 | 0.72 | 0.73 | 0.74 | 0.75 | 0.76 | 0.77 |
| Switzerland | 1.48 | 1.49 | 1.50 | 1.51 | 1.52 | 1.53 | 1.54 | 1.55 | 1.56 |
| Sweden | 1.03 | 1.04 | 1.05 | 1.06 | 1.07 | 1.08 | 1.09 | 1.10 | 1.11 |
| Spain | 1.66 | 1.67 | 1.68 | 1.69 | 1.70 | 1.71 | 1.72 | 1.73 | 1.74 |
| South Africa | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| South Korea | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| Thailand | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| Taiwan | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| US Dollar | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

| Libor-Libor Rates | | | | | | | | | |
|-------------------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | 1-month | 3-month | 6-month | 9-month | 12-month | 15-month | 18-month | 21-month | 24-month |
| US Dollar | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| UK | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Germany | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| France | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Italy | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Japan | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| South Africa | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| South Korea | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Thailand | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Taiwan | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |

| Key Money Rates | | | | | | | | | |
|-----------------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | 1-month | 3-month | 6-month | 9-month | 12-month | 15-month | 18-month | 21-month | 24-month |
| US Dollar | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| UK | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Germany | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| France | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Italy | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Japan | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| South Africa | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| South Korea | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Thailand | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Taiwan | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |


| Other Dollar Values | | | | | | | | | |
|---------------------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | 1-month | 3-month | 6-month | 9-month | 12-month | 15-month | 18-month | 21-month | 24-month |
| US Dollar | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| UK | 0.69 | 0.70 | 0.71 | 0.72 | 0.73 | 0.74 | 0.75 | 0.76 | 0.77 |
| Germany | 1.66 | 1.67 | 1.68 | 1.69 | 1.70 | 1.71 | 1.72 | 1.73 | 1.74 |
| France | 1.66 | 1.67 | 1.68 | 1.69 | 1.70 | 1.71 | 1.72 | 1.73 | 1.74 |
| Italy | 1.36 | 1.37 | 1.38 | 1.39 | 1.40 | 1.41 | 1.42 | 1.43 | 1.44 |
| Japan | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| South Africa | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| South Korea | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| Thailand | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| Taiwan | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |

| Forward Rates | | | | | | | | | |
|---------------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | 1-month | 3-month | 6-month | 9-month | 12-month | 15-month | 18-month | 21-month | 24-month |
| US Dollar | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| UK | 0.69 | 0.70 | 0.71 | 0.72 | 0.73 | 0.74 | 0.75 | 0.76 | 0.77 |
| Germany | 1.66 | 1.67 | 1.68 | 1.69 | 1.70 | 1.71 | 1.72 | 1.73 | 1.74 |
| France | 1.66 | 1.67 | 1.68 | 1.69 | 1.70 | 1.71 | 1.72 | 1.73 | 1.74 |
| Italy | 1.36 | 1.37 | 1.38 | 1.39 | 1.40 | 1.41 | 1.42 | 1.43 | 1.44 |
| Japan | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| South Africa | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| South Korea | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| Thailand | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| Taiwan | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |



e-f-g

...in tune with our clients.
Enjoy our performance.



EFG Private Bank

GENEVA ZURICH LONDON ATHENS LUXEMBOURG MONACO
GUERNSEY JERSEY MIAMI SAN PAOLO BRITISH VIRGIN ISLANDS BERMUDA

EFF PRIVATE BANK LIMITED IS REGULATED BY JFRO IN THE UK

Switzerland Fights to Keep Its Franc Down

By Perri Colley McKinney
and Reto Gregori
Bloomberg News

LONDON — Need a place to put your money that is safe from daily swings in the yen and dollar, and immune to slumping stock markets? Don't bank on the Swiss franc.

As the Swiss currency rose to its highest level against the dollar in more than 10 months on Thursday, the central bank said it would not let international investor demand for Swiss francs derail the country's economic recovery.

The Swiss National Bank said it did not "appreciate the franc's strength" and countered by adding liquidity to drive money-market rates lower.

Three-month money market rates fell 3 basis points, or hundredths of a percentage point, to 1.60 percent and are down from 1.86 percent a month ago.

"Betting against the franc is like

playing with fire," said Ernst Zbinden at Bank Leu AG in Zurich. "The Swiss National Bank has always been successful when it wants a weaker franc," he said, citing the bank's willingness in February to drive money-market rates close to

The currency's strength helped smother growth for the first six years of this decade as jobs were moved abroad.

zero to weaken the franc. The franc has risen 10 percent against the dollar since early July, as the worsening recession in Asia and Russia's economic and political breakdown have prompted investors to sell assets perceived to be at risk from a slowdown in global growth.

The worse the rest of the world looks, the better the Swiss franc looks. Switzerland typically runs a current-account surplus and it has had the same coalition government since 1959.

"There is enough uncertainty in the world that people are turning to the things that have traditionally

offered a safe haven," said Tom Barman of Rothschild Asset Management.

The problem for Switzerland is that exports account for about 40 percent of gross domestic product, and exporting is becoming increas-

ingly difficult as the strong franc makes Swiss goods more expensive overseas. The Federal Statistics Office said this week that the economy grew 1.7 percent in 1997.

The Swiss know all too well how much pain a strong franc can bring. The currency's strength helped smother growth for the first six years of this decade, persuading companies to move thousands of jobs abroad to cut costs.

Sulzer AG, the world's biggest textile machinery maker and an exporter of 80 percent of its products, was one of those companies that cut jobs as changes in the currency

sometimes produced price swings of 30 percent from one day to the next, a company spokesman, Hans-Caspar Ryser, said.

It is history repeating itself? Not yet, Mr. Ryser said.

"We are not terribly concerned yet," he said. "But if the dollar goes beyond 1.40, then it might start hurting us."

To keep that from happening, as well as sustain its economic recovery, the Swiss central bank has kept the discount rate at which it lends to other banks at a 21-year low of 1 percent for two years. Central bankers have insisted for months that they will not raise rates anytime soon.

Switzerland's attempts to weaken its currency may prove futile, though, especially with a new controversy brewing: the possible resignation or impeachment of President Bill Clinton of the United States.

The lower money-market rates "won't put people off" from buying francs, said Brian Turner, a manager at Henderson Investors. "It's not going to change anything at all."

Britain Gains Influence in Euro Zone

Bloomberg News

LONDON — The European Central Bank will give Britain, which is not joining the single currency next year, a role in coordinating banking supervision within the 11-nation euro region, European Union officials said Thursday.

A Bank of England spokesman said she could not comment until a decision was made Friday at an ECB council meeting in Frankfurt. A spokesman for Denmark's central bank confirmed the vote would take place on Friday.

The move appears designed to give Prime Minister Tony Blair ammunition to persuade a skeptical British public to abandon the pound and adopt the euro, the stability of which he could argue would be guaranteed from London, Europe's financial capital.

The Financial Services Authority and the Bank of England will represent Britain on an ECB committee to coordinate banking supervision in the euro region.

Also on the committee are three other countries considering adopting the euro: Sweden, Denmark and Greece.

The single currency will be introduced Jan. 1 in an 11-nation zone of 300 million people for interbank business. Notes and coins will not be distributed until Jan. 1, 2002. The initial members are Germany, France, Italy, Spain, the Netherlands, Belgium, Austria, Finland, Portugal, Ireland and Luxembourg.

Fernando Gutierrez, an economist at Argentaria SA, said giving Britain influence would help increase confidence in the euro.

"London is, after all, Europe's biggest financial center, and all the big European banks have important operations there," Mr. Gutierrez said.

Investor's Europe

| Frankfurt DAX | London FTSE 100 Index | Paris CAC 40 |
|---------------|-----------------------|--------------|
| 5100 | 6250 | 4400 |
| 5000 | 6000 | 4200 |
| 4500 | 5500 | 4000 |
| 4000 | 5000 | 3800 |
| 3500 | 4500 | 3600 |
| 3000 | 4000 | 3400 |
| 2500 | 3500 | 3200 |
| 2000 | 3000 | 3000 |
| 1500 | 2500 | 2800 |
| 1000 | 2000 | 2600 |
| 500 | 1500 | 2400 |
| 0 | 1000 | 2200 |

| Exchange | Index | Thursday Close | Prev. Close | % Change |
|-------------------------|----------|----------------|-------------|----------|
| Amsterdam AEX | 1,821.31 | 1,821.31 | 1,806.59 | +0.81 |
| Brussels BEL-20 | 3,204.53 | 3,204.53 | 3,205.73 | -0.05 |
| Frankfurt DAX | 4,747.53 | 4,747.53 | 5,040.87 | -5.82 |
| Copenhagen Stock Market | 688.65 | 688.65 | 688.08 | +0.08 |
| Helsinki HEX General | 4,352.30 | 4,352.30 | 4,548.88 | -4.41 |
| Oslo OBX | 505.15 | 505.15 | 529.37 | -4.58 |
| London FTSE 100 | 5,136.69 | 5,136.69 | 5,311.30 | -3.29 |
| Madrid Stock Exchange | 710.35 | 710.35 | 727.38 | -2.33 |
| Milan MBTEL | 18718 | 18718 | 20580 | -8.59 |
| Paris CAC 40 | 3,583.36 | 3,583.36 | 3,782.13 | -4.59 |
| Stockholm SX 16 | 3,685.38 | 3,685.38 | 3,685.17 | +0.01 |
| Vienna ATX | 1,188.11 | 1,188.11 | 1,208.88 | -1.68 |
| Zurich SPI | 4,105.77 | 4,105.77 | 4,278.98 | -4.05 |

Very briefly:

- Bank of Piraeus SA, the ninth-largest bank in Greece, agreed to acquire the local shipping and corporate banking unit of Credit Lyonnais for an undisclosed amount.
- German exports to members of the Association of South East Asian Nations fell 19.7 percent in the first half, to 9.1 billion Deutsche marks (\$5.29 billion), from a year earlier.
- British Airways' chairman, Sir Colin Marshall, said the airline might fight conditions that regulators could impose on its proposed alliance with AMR Corp.'s American Airlines.
- United Biscuits Holdings PLC, the largest cookie maker in Britain, said first-half profit surged more than tenfold, to £32.3 million (\$53.9 million), as the company cut costs.
- Mirror Group PLC, the third-largest newspaper publisher in Britain, said first-half profit fell 23 percent, to £24 million, because of expenses related to its sale of some newspapers and the purchase of a regional newspaper company.
- BTR PLC, a British maker of auto parts, industrial motors and control systems, lost £242 million in the first half after a profit of £370 million a year earlier, amid costs related to sales of subsidiaries.

Fears Eclipse French Banks' Profit Gains

Compiled by Our Staff From Despatches

PARIS — Worries about emerging market crises overshadowed the good news Thursday as more French banks reported strong first-half results but higher provisions against risks in Asia and Russia.

Banque Paribas of Paris reported a 25 percent increase in net profit, to 3.80 billion francs (\$631.9 million), for the first half but warned that second-half results were unlikely to keep up that pace.

BNP said it raised its provisions for Southeast Asian market risks by 1.9 billion francs, to 4.9 billion francs, in the first half. It said increased provisions for Russia should suffice to cover risks there. BNP's shares fell

32.20 francs to close at 337.80. Credit Commercial de France reported strong growth in the first half, with a net profit of 1.12 billion francs against 801.5 million in the first half last year, and said it hoped for a "good performance in a more difficult context" in the second half. Its shares fell 26.10 francs to 385.90.

Paribas said its net profit for the first half was 4.23 billion francs, up from 4.22 billion francs in the first half of last year. Its provisions for the first six months totaled 2.77 billion francs, of which 2 billion covered Asia and Russia. Paribas shares fell 34.50 to close at 420.

Societe Generale said late Wednesday that first-half profit rose 9.2 percent but warned of further erosion in Russian and other emerging markets. The bank more than doubled its provisions for possible losses on loans and other assets.

Paris to Sell Stake In Life Insurer

Bloomberg News

PARIS — France said Thursday it would sell a minority stake in the insurer CNP Assurances, mostly to state-run institutions, in a move that would soothe unions' concerns about job losses and could raise as much as \$2 billion.

The government said it would sell 67 million new and existing shares in France's largest life insurer to raise as much as 10.72 billion francs (\$1.86 billion). The sum includes a 1.5 billion franc capital increase to strengthen CNP's finances.

WORLD STOCK MARKETS

Thursday, Sept. 10
Daily prices in local currencies.

High Low Close Prev.

Amsterdam AEX Index: 1821.31
Prev.: 1806.59

Brussels BEL-20: 3204.53
Prev.: 3205.73

Frankfurt DAX: 4747.53
Prev.: 5040.87

Copenhagen Stock Market: 688.65
Prev.: 688.08

Helsinki HEX General: 4352.30
Prev.: 4548.88

Oslo OBX: 505.15
Prev.: 529.37

London FTSE 100: 5136.69
Prev.: 5311.30

Madrid Stock Exchange: 710.35
Prev.: 727.38

Milan MBTEL: 18718
Prev.: 20580

Paris CAC 40: 3583.36
Prev.: 3782.13

Stockholm SX 16: 3685.38
Prev.: 3685.17

Vienna ATX: 1188.11
Prev.: 1208.88

Zurich SPI: 4105.77
Prev.: 4278.98

Buenos Aires Merval: 3611
Prev.: 3583.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Manila PSE Index: 2184.7
Prev.: 2157.4

Paris to Sell Stake In Life Insurer

Bloomberg News

PARIS — France said Thursday it would sell a minority stake in the insurer CNP Assurances, mostly to state-run institutions, in a move that would soothe unions' concerns about job losses and could raise as much as \$2 billion.

The government said it would sell 67 million new and existing shares in France's largest life insurer to raise as much as 10.72 billion francs (\$1.86 billion). The sum includes a 1.5 billion franc capital increase to strengthen CNP's finances.

The single currency will be introduced Jan. 1 in an 11-nation zone of 300 million people for interbank business. Notes and coins will not be distributed until Jan. 1, 2002. The initial members are Germany, France, Italy, Spain, the Netherlands, Belgium, Austria, Finland, Portugal, Ireland and Luxembourg.

Fernando Gutierrez, an economist at Argentaria SA, said giving Britain influence would help increase confidence in the euro.

"London is, after all, Europe's biggest financial center, and all the big European banks have important operations there," Mr. Gutierrez said.

Also on the committee are three other countries considering adopting the euro: Sweden, Denmark and Greece.

The move appears designed to give Prime Minister Tony Blair ammunition to persuade a skeptical British public to abandon the pound and adopt the euro, the stability of which he could argue would be guaranteed from London, Europe's financial capital.

The Financial Services Authority and the Bank of England will represent Britain on an ECB committee to coordinate banking supervision in the euro region.

Also on the committee are three other countries considering adopting the euro: Sweden, Denmark and Greece.

The move appears designed to give Prime Minister Tony Blair ammunition to persuade a skeptical British public to abandon the pound and adopt the euro, the stability of which he could argue would be guaranteed from London, Europe's financial capital.

The Financial Services Authority and the Bank of England will represent Britain on an ECB committee to coordinate banking supervision in the euro region.

Also on the committee are three other countries considering adopting the euro: Sweden, Denmark and Greece.

The move appears designed to give Prime Minister Tony Blair ammunition to persuade a skeptical British public to abandon the pound and adopt the euro, the stability of which he could argue would be guaranteed from London, Europe's financial capital.

The Financial Services Authority and the Bank of England will represent Britain on an ECB committee to coordinate banking supervision in the euro region.

Also on the committee are three other countries considering adopting the euro: Sweden, Denmark and Greece.

The move appears designed to give Prime Minister Tony Blair ammunition to persuade a skeptical British public to abandon the pound and adopt the euro, the stability of which he could argue would be guaranteed from London, Europe's financial capital.

The Financial Services Authority and the Bank of England will represent Britain on an ECB committee to coordinate banking supervision in the euro region.

Also on the committee are three other countries considering adopting the euro: Sweden, Denmark and Greece.

The move appears designed to give Prime Minister Tony Blair ammunition to persuade a skeptical British public to abandon the pound and adopt the euro, the stability of which he could argue would be guaranteed from London, Europe's financial capital.

The Financial Services Authority and the Bank of England will represent Britain on an ECB committee to coordinate banking supervision in the euro region.

Also on the committee are three other countries considering adopting the euro: Sweden, Denmark and Greece.

Quotations supplied by fund groups to Micropal Paris, t: 33-1 40 26 08 09, e-mail: info@micropal.fr
For information on how to list your fund, fax Katy Hourri at (33-1) 41 43 92 12 or E-mail: funds@iht.com

Quotations supplied by fund groups to Micropal Paris, t: 33-1 40 26 08 09, e-mail: info@micropal.fr
For information on how to list your fund, fax Katy Hourri at (33-1) 41 43 92 12 or E-mail: funds@iht.com

The data in the list above is the latest supplied by the fund groups to Mirocap SA. It is collected and reformatted into the list before being transmitted to the IIT. Mirocap and the IIT do not warrant the quality or accuracy of the list. The data of the performance of funds of the Fund Groups and will not be liable for the list, the data of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the IIT or Mirocap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

Kind
Villeg

BRAZIL -

MOVIES: *Reasons I Stay*
Containing:

LENCH: Revised Memorandum

ASIA/PACIFIC

Japan's Rate Move Falls Flat in Markets

Effort to Save Banks Cannot Stop Slide

Agence France-Presse
TOKYO — Japan's desperate effort to rescue banks here by pushing down interest rates cannot halt the slide of the world's second-biggest economy, analysts said Thursday.

The Bank of Japan decided Wednesday to guide the overnight call rate down to 0.25 percent, the first time it has eased credit for three years, saying it hoped to stop the country plunging into spiraling deflation.

It left Japan's official discount rate unchanged at a record low 0.5 percent.

The decision fell flat on the markets Thursday, however, with stocks barely higher and the yen struggling to recover from a heavy fall. The benchmark Nikkei 225 stock index closed down 89.51 points, or 0.6 percent, at 14,666.03 points. The dollar closed in Tokyo at 135.55 yen, up from 131.10.

The call rate is the rate at which banks lend to each other overnight, and can be led by the central bank which controls the flow of money into the market. Lowering the rate will cut banks' funding costs.

"It will not have a positive impact on the real economy. It cannot help to take Japan out of a deflationary spiral," said Susumu Kato, the chief economist at Barclays Capital in Tokyo. "It just keeps getting worse and worse." Masaru Hayami, the

central bank chief, directly linked the move to Tokyo's efforts to keep afloat Long-Term Credit Bank of Japan Ltd., which virtually collapsed in June and was forced into a rescue merger with another bank.

Mr. Hayami told a parliamentary committee. "We carried out the credit easing as a step to cope with the LTCB issue at this time, in order to provide enough funds to the market." Standard & Poor's Corp. on Thursday slashed its credit ratings for the Long-Term Credit Bank of Japan Ltd., saying the bank could be facing losses outstripping the 750 billion yen (\$5.5 billion) it has admitted.

Lawmakers in Parliament have hit a stalemate as they debate a series of financial bills designed to revamp the banks and finally tackle their suffocating bad loan crisis.

Japanese banks hold at least 87.5 trillion yen in bad loans, built up during the lavish years of the bubble economy in the late 1980s.

Mr. Kato said, "It was a desperate measure. The banking crisis is worsening because of the delay in passing legislation."

"Further delay could trigger an international collapse of equity markets. With no solution to the banking crisis, Japan cannot help the recovery of the global economy, not even the Asian economy."

Economists said that the Bank of



BUSTED — Tatsumi Nagatoshi, right, covering his face as he was taken to jail Thursday. The former director of NEC Corp. was charged in a military-procurement scandal involving NEC and Toyo Communication Equipment Co.

Japan's decision was a response to mounting pressure from the United States for an economic revival.

Last Friday, Finance Minister Kiichi Miyazawa was told to put the country's economic house in order after talks with the U.S. treasury secretary, Robert Rubin, and the Federal Reserve Board chairman, Alan Greenspan.

Obuchi Revamps Strategy
Prime Minister Keizo Obuchi outlined economic proposals Thursday to revitalize recession-hit industries and improve living standards for the average Japanese. The Associated

Press reported from Tokyo.

Mr. Obuchi unveiled the twin plans after a meeting of a special economic strategy task force which drafted the recommendations.

The centerpiece of the package is a proposal for doubling the amount of housing, working and recreation space within five years.

The recommendations also aim to increase the number of new jobs by 500,000 in the next two years and improve industrial productivity.

The recommendations are to be implemented through government spending and as yet unspecified de-

U.S. Slaps Korea Firms With Tariffs

Compiled by Our Staff From Dispatches
SEOUL — Two South Korean chipmakers on Thursday protested a U.S. ruling that they had been selling their products below cost, an illegal practice known as dumping.

LG Semicon Ltd. and Hyundai Electronics Co. said they would dispute the ruling in the U.S. Court of International Trade in New York and accused the U.S. Commerce Department of making errors in its pricing review.

On Wednesday, the Commerce Department imposed a 9.28 percent antidumping tariff on dynamic random-access memory chips from LG Semicon and a 3.95 percent duty on products from Hyundai Electronics.

LG Semicon and Hyundai, soon to merge to create the world's largest maker of D-RAM chips, face penalties involving more than \$400 million in exports in 1996 and 1997.

It was the first time the two South Korean chipmakers were forced to pay a penalty on their shipments to the U.S. market. The leading South Korean D-RAM maker, Samsung Electronics Co., was not subject to the penalty.

LG shares fell 3.8 percent to 10,200 won, while Hyundai rose 12 percent to 34,150 won.

"The dumping charges will worsen Korean chipmakers' earnings even further," said Yoon Sam Wi, an analyst at LG Securities Co.

"Hyundai's stock price moved on futures-linked buying today. It will soon plunge into the abyss."

LG alleged errors in the U.S. calculations and said the U.S. government falsely based its ruling on LG products "unlawfully diverted to the U.S. market by third parties."

LG sells about \$200 million worth of chips in the United States annually. Hyundai's share of the U.S. market is worth about \$800 million.

Hyundai called the U.S. ruling "unacceptable," but said it would not be seriously affected because 90 percent of the chips it sells in the United States now come from its new plant in Eugene, Oregon.

The two Korean firms have been cited for alleged dumping each year since 1993. Until this year, they had been cleared of the charge each time.

The Commerce Department began its investigation after Micron Technology Inc. of Boise, Idaho, and other U.S. chipmakers alleged dumping by their South Korean competitors. (AP, Bloomberg)

Investor's Asia

| Exchange | Index | Thursday Close | Prev. Close | % Change |
|---------------------------|-------|----------------|-------------|----------|
| Hong Kong Hang Seng | | 7,849.86 | 7,905.45 | -0.70 |
| Singapore Straits Times | | 885.00 | 885.46 | -0.51 |
| Sydney All Ordinaries | | 2,526.30 | 2,542.50 | -0.64 |
| Tokyo Nikkei 225 | | 14,666.03 | 14,755.94 | -0.61 |
| Kuala Lumpur Composite | | 380.20 | 389.55 | -2.43 |
| Bangkok SET | | 218.91 | 213.98 | +2.30 |
| Seoul Composite Index | | 338.95 | 329.22 | +2.96 |
| Taipei Stock Market Index | | 6,803.88 | 6,894.67 | -1.32 |
| Manila PSE | | 1,100.17 | 1,157.43 | -4.95 |
| Jakarta Composite Index | | 327.27 | 325.76 | +0.46 |
| Wellington NZSE-40 | | 1,760.76 | 1,793.15 | -1.81 |
| Bombay Sensitive Index | | 3,108.67 | 3,097.12 | +0.37 |

Very briefly:

• Hong Kong will remain an ideal place for investments as long as China does not go into recession, said Brian Stevenson, chairman of the International Committee of the Hong Kong General Chamber of Commerce.

• Dickson Concepts (International) Ltd. signed an exclusive long-term license deal to produce and distribute Tommy Hilfmer Corp.'s leather goods and accessories in the United States and Canada. The Hong Kong retailer said it planned to invest up to \$30 million in the new venture.

• Softbank Corp. said it would establish a holding company on April 1, providing major tax advantages if Japan's Parliament allows holding companies to minimize taxes by offsetting earnings at profitable subsidiaries against losses at others.

• NEC Corp. of Japan and Lucent Technologies Inc. of the United States agreed to a partnership to produce integrated circuit microchips.

• Australia's unemployment rate eased to a seasonally adjusted 8.1 percent in August, from 8.3 percent in July, according to official data that pointed to sustained resilience in the economy.

• The Kuala Lumpur Commodity Exchange and the Malaysia Monetary Exchange Bhd. will merge Nov. 2 to form the Commodity & Monetary Exchange of Malaysia, or Comex. The new market will trade crude palm oil futures and interest rate futures to capitalize on lower costs and the inflow of ringgit expected back in the country from now to Oct. 1, following the capital controls imposed by the government on Sept. 1.

• Rio Tinto Ltd., a British-Australian mining company, said lower commodity prices helped push its first-half net profit down 7 percent, to \$551 million, and added that future growth would be hampered by a tough global climate.

• Indonesia expects to get as much as \$1.50 a share for a minority stake in PT Semen Gresik, a cement company, from Cemex SA of Mexico. On Thursday, Gresik's shares closed at 8,075 rupiah (66 cents). (AP, Reuters, Bloomberg, AFP)

2 Korean Banks Agree to Merge

The Associated Press
SEOUL — Two large banks have agreed to merge to create the second-largest commercial bank in South Korea, bank executives said Thursday.

Kookmin Bank and Korea Long-Term Credit Bank Co., two of the nation's top seven banks, plan to sign a memorandum of understanding Friday to merge on Jan. 4, bank officials said.

It will be the third merger of South Korean commercial banks this year. South Korea was forced in December to accept a \$60 billion rescue led by the International Monetary Fund. In return, the nation is required to reform its industrial and financial sectors.

Kia Gets New Takeover Bids After Deal to Reduce Its Debt

Compiled by Our Staff From Dispatches

SEOUL — Creditors offered Thursday to write off around two-thirds of Kia Motors Co.'s 11.8 trillion won (\$8.67 billion) debt, as Ford Motor Co. and three South Korean automakers renewed their bids to buy the bankrupt company.

"We have decided to write off 2.9 trillion won of principal debt," said Park Sang Bae, a senior executive from Kia's chief creditor, the Korea Development Bank.

The creditors also decided to wipe off another 2.77 trillion won by rescheduling debts of Kia and its truckmaking subsidiary, Asia Motors Corp., and by lowering their interest rates, the Korea Development Bank said.

In addition, creditors confirmed

that another 2.16 trillion won of debts owed by Kia's subsidiaries but guaranteed by Kia would also be eliminated.

The write-offs were announced as the deadline for the submission of bids in a second auction of Kia and Asia Motors expired.

The second round was called after the first attempt was aborted on Sept. 1 when all four bidders demanded debt write-offs, a request creditors at first said was unacceptable.

Ford and three South Korean automakers — Samsung Motors Inc., Hyundai Motor Co. and Daewoo Motor Co. — resubmitted letters of intent to take part in the new auction, a Kia Motors spokesman said. The winner is to be announced Sept. 28. (AFP, AP)

Citibank Targets Japan's Wealthy

Bloomberg News

TOKYO — Citibank NA, the lender that introduced private banking to Japan in 1986, said Thursday it was increasing its private-banking staff in Japan as the idea of providing special services to wealthy customers has begun catching on.

Citibank, whose private bankers target customers with at least 300 million yen (\$2.3 million) in assets, has stepped up advertising this year and doubled the number of its customers, to a "few thousand," a spokesman said. The division will add 30 employees by the end of the year and an additional 100 next year, bringing its total to 300. Branches will be added in Osaka and Nagoya.

LORAL: 12 Satellites Are Lost

Continued from Page 1

The launch failure sent the share price of Globalstar, a \$2.7 billion venture, plunging more than 38 percent in late New York trading and the price of Loral Space & Communications Ltd., which has a 42 percent stake in Globalstar, down more than 30 percent.

Globalstar said the loss would delay the start of its service by about six months, until the end of 1999, and force it to start operations with a reduced fleet of 32 satellites, rather than 48, which could limit service.

It also indicated it was likely to shift to smaller rockets, like the Russian Soyuz or the Boeing Co. Delta II, which can carry four satellites.

Globalstar's attempt to catch up with Iridium by launching a dozen satellites in a single shot was "a calculated risk, and they lost," said Jeremy Rose of Communication Systems Ltd., a satellite consultancy in St. Albans, England.

Globalstar and other satellite operators say their business plans incorporate the possibility of losses because of the risks inherent in rocket launches. But any delay is financially punishing because the networks require billions of dollars of investment in satellites, ground communications stations and telephone handsets before any revenues flow in.

In addition, the demand for satellite services remains unproven. Although the companies insist that they need to cream off only a fraction of the global market for mobile telephony, some analysts wonder how many people will be willing to spend \$3,000 for an Iridium phone and then pay \$4 to \$7 a minute for calls.

Financial markets demonstrated those pressures Thursday as investors dumped stocks and bonds of Globalstar, Iridium and ICO Global Communications, a consortium of international telephone operators that plans its own system.

Globalstar shares plunged \$6.125 to \$10.75, while shares in Loral fell \$5.3125 to \$12.75.

Globalstar's 11.375 percent bonds due 2004 fell about 15 points, or \$150 for each \$1,000 face amount, to 65. They yielded almost 23 percent, compared with just over 5 percent on U.S. Treasury bonds.

Those declines will make it difficult for companies to fill any financing gap before their service comes on stream.

After Iridium announced it would delay starting service until Nov. 1, the Standard & Poor's Corp. rating agency said that any further delay could threaten the company's \$1 billion bank line of credit. Iridium shares fell 25 cents to \$34.25 Thursday, less than half their high of \$70.6875 in May.

An initial public offering of shares by ICO flopped last month, raising only \$120 million compared with an original goal of \$380 million. Orbcomm Global LP, a U.S.-based group that has launched a more modest satellite system for radio paging rather than telephony, postponed a planned offering in July.

Despite the setback, an impressive number of leading technology companies continue to believe in a big market for satellite-based networks that are designed to fill in the gaps in coverage between existing systems and allow people to stay in touch virtually anywhere around the globe.

BRAZIL: Financial Crisis Sends Stock Market Careening

Continued from Page 1

The band between the official and street prices for dollars, around 7 cents last week, widened to 23 cents Thursday, with investors clearly betting on a devaluation. The dollar fetched 1.40 reals, up from 1.25 less than a week ago. Even at that rate, most exchange houses said they were out of dollars. "The market doesn't believe in the government anymore," said the owner of one exchange house.

On Wednesday, the government tried unsuccessfully to sell short-term bonds, banking as banks demanded interest of 34 percent to 50 percent.

The administration of President Fernando Henrique Cardoso, who is running for re-election Oct. 4, downplayed the losses. A spokeswoman for the Finance Ministry said no new government steps were expected Thursday. "Everything is quiet here," she said.

Francisco Lopes, chief of monetary policy for the central bank, estimated that half the investors were expecting a devaluation of the Brazilian currency.

but said that international reserves were sufficient to contain the speculation.

"It's horrible," said James Barreaneau, Latin American equity strategist at Salomon Smith Barney. "It's piling on at this point. People are all leaving for the exits at once, and it doesn't help that the Dow is going down as well."

Inside and out of Brazil, the government is coming under increasingly heated criticism for Mr. Cardoso's failure to pass civil service, social security and tax reforms during his four years in office.

Mr. Cardoso's Real Plan cut inflation from 2,400 percent at its peak, to about 1 percent this year, privatized state industries and opened the market to direct foreign investment. But structural reforms to reduce government spending have been left half-done, while the president spent political capital and time winning a constitutional amendment allowing him to run for re-election.

This week, Mr. Cardoso's chickens are flocking home to roost, at the worst possible time, analysts and industry chiefs said.

"The government didn't do its part," said Vladimir Sparandeo, of the Federation of Industries of Sao Paulo. "So it has to find ways to secure the economy. Who pays for that? Industry, the consumer, society. We call it a necessary evil, but it's wrong."

Elsewhere in Latin America, the Caracas stock exchange's general index fell 4.48 percent to 2,694.70, Bloomberg News reported. In Buenos Aires, stocks fell 12.61 percent, to 304.23 points. Mexico's benchmark index was quoted in late trading with a drop of 10.14 percent, at 2,846.20.

Brazil to Keep High Rates

Brazil's defense of its currency will cost it another 2 billion reais (\$1.69 billion) a month in higher interest payments in the short term after the central bank raised its benchmark rate last week, a bank official said, Bloomberg News reported from Brasilia.

Last week, the central bank lifted the benchmark interest rate to 29.75 percent from 19 percent in an effort to stanch the flow of capital out of the country.

MOVIES: Russians Escape Woes by Flocking to Watch U.S. Films

Continued from Page 15

Mr. Heth said had \$3 million in ticket sales and \$1.6 million in concession sales in 1997, has inspired Russian and foreign investors to look beyond the economic instability and seek a cut of the action.

Gorky Film Studios is promoting a \$94 million project to develop 100 modern movie theaters across Russia, although Mr. Livnev acknowledges that plans may well change if the crisis continues. Down the street from Kinomir, Sergei Lisovsky has refitted a vast 2,500-seat theater and is planning to put up 100 screens for about \$120 million.

Mr. Lisovsky, whose advertising and concert promotion empire, Premier SV, has distribution rights to Warner Brothers and Miramax films, is building a multiplex and shopping mall near one of Moscow's busy train stations. The only change since the currency crisis, he says, is that his French partners in the project have raised interest rates on their loans.

Moscow's mayor, Yuri Luzhkov, who last year touted shopping malls and hypermarkets, is promoting multiplexes

to liven up the city and is courting potential investors such as Warner Brothers. "We're in discussion with a number of groups," said Millard Ochs, president of Warner Brothers International Theaters in Los Angeles. "Kinomir has demonstrated what can happen with a single-screen cinema."

Kinomir's home is the former Soviet-built "house of culture" of the newspaper Izvestia, once a gathering place for concerts, communist films and propaganda sessions. More recently, neon signs and memorabilia for blockbusters such as "Men in Black" have replaced Soviet slogans, and a concession counter serves up Coca-Cola, popcorn and, in a nod to Russian habits, beer.

Financial crises may have deflated such indicators of middle-class well-being as appliance sales, but Russians stood in line for hours last winter to pay up to \$25 at the box office and up to \$200 to scalpers for tickets to "Titanic." Last weekend, even with ticket prices increased 10 to 30 percent, viewers lined up for "Armageddon." One thing moviegoers have not snapped up is

the movie tie-in product, not because such items are expensive, but because they are cheap.

"This is not a T-shirt and baseball cap market," Mr. Markovich said. "It's more Gucci and Versace." A coffee bar run by Nescafe and Russia's first TGI Friday's restaurant help make Kinomir a hot spot for trendy Muscovites.

Mr. Heth, 34, came to Moscow in 1993 to deal in timber products before going into the movie business, while Mr. Markovich, 32, was working as a lawyer. Mr. Markovich and Mr. Heth began to shop around a business plan for a showcase movie theater, Eastman Kodak Co., which opened a Russian subsidiary in 1993, agreed to back Kinomir.

Mr. Markovich and Mr. Heth's first free-standing multiplex will be on a street that already features a Planet Hollywood restaurant and the Beverly Hills Casino, which is owned by Chuck Norris, the television action-film star.

The interest in multiplexes rose as the resurgent Russian movie industry released 66 new films in 1997, up from 20 in 1996.

LYNCH: Record-Holding Bull Is Untroubled by Market Turmoil

Continued from Page 15

to it" — especially if that category is "way out of line."

While Mr. Lynch has an obvious preference for funds, he does say that investors can own individual stocks — but only a few. "You should, he says, 'know five or six companies well and own two or three.' (I would push the latter number up to eight or

10.) One of the principles he was touting last week was that "stocks go up when company profits go up — contrary to recent popular theory that new money from Baby Boomers and eager investors ultimately drives the market."

As obvious as this principle sounds, most investors do not believe it. Instead, as the Fidelity survey found,

"Only 29 percent of investors accurately indicate the main reason the stock market rises is because companies have grown their earnings per share over time."

Another 23 percent say stocks increase in value because "people keep putting new money" into the market and "an additional 21 percent believe it is because people are generally optimistic."

It is true that stock prices and profits do not move up or down in lockstep — but over time, the relationship is clear and true for the simple reason that, in the end, what investors buy when they buy a stock is a share in the flow of cash that the company generates, either as dividends or as profit that the company reinvests in itself but that ultimately accrues to shareholders.

Why have companies like Coca Cola, GM and Eli Lilly established regional headquarters and major plants in Vienna?

Don't miss the Sponsored Section

Business Locations:

Vienna

on September 25, 1998

Herald Tribune

THE WORLD'S DAILY NEWSPAPER

**MORE
INTERNATIONAL
FUNDS
THAN EVER**

- Look for the new two-page format.
- A 32% increase in INTERNATIONAL FUNDS listings over the last three years means more funds than ever.
- Get the most complete information on a daily basis worldwide.
- Available on the Web: www.ihf.com/IHTFUN/funds.html

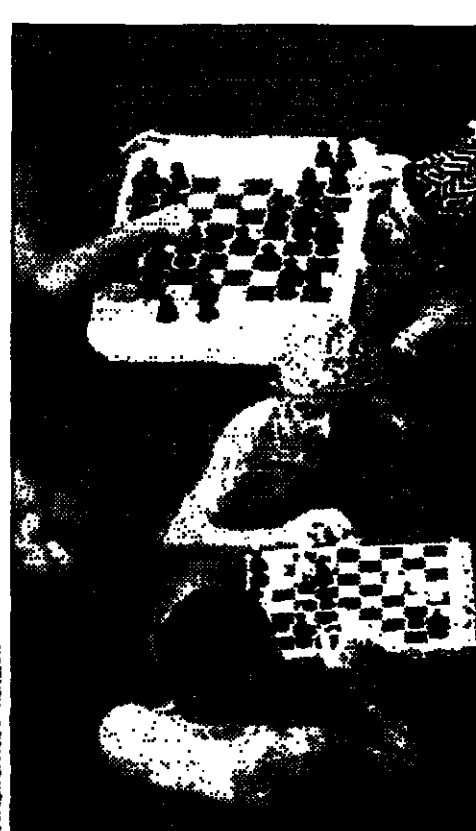
**STARTING
SEPTEMBER 15TH
TUESDAY
THROUGH
SATURDAY**

Herald Tribune

THE WORLD'S DAILY NEWSPAPER

HUNGARY: TRADITION AND HOSPITALITY

Last year, 37.3 million people traveled to Hungary. The tourism industry earned \$2.6 billion. Tourism benefits the visitors, of course, but it also benefits the Hungarian people — entrepreneurs, entry-level workers and managers — as they watch their economy grow. Infrastructure projects are on the rise, and jobs have been created in the airline, hotel, transport, restaurant and retail fields. Read Travel Exhibitions, American Express and the International Herald Tribune will present the World Tourism Award to Hungary and three other countries this weekend at the American Travel Market in Orlando, Florida. The theme of this year's award is "Economic Growth Through Tourism."



Left to right: the graceful arches of the Budapest Opera House; harvest time in wine country; the physical and intellectual pleasures of a Hungarian thermal bath.

RELAXING IN TOWN

A hectic pace belies Budapest's Old World charm.

No stay in Budapest would be complete without a trip to the city's historic castle district. The area's cobblestone streets, pastel baroque houses and breathtaking view of the Danube never fail to delight.

To get the most out of your stay in the capital, it's best to be up and about early in the day.

"In the mornings, there is a real vibrancy about the place as people start their day," says Andras Torok, author of "Budapest, a Critical Guide." "The cityscape of Budapest is changing. There is a new, hectic pace, but you can still see some of the older, slower pace."

Says Istvan Meggyes, managing director of the Hungarian National Tourist Office, "Hungary is a country that is 1,100 years old, and all that history is reflected in its capital, Budapest."

Budapest has interesting museums, beautiful churches and cultural events galore. A tour of Hungary's dazzling Parliament is a must. And one of the most enjoyable ways to spend a day in Budapest is to walk around, admiring the architecture and watching a city evolve from a staid capital to a thriving economic center.

Some changes are obvious. Stroll up Andrássy Street, Budapest's grand boulevard, and stop at number 9, a beautiful building that has been completely refurbished. In the old Jewish quarter, the best symbol of the faith's rebirth is the recently restored Great Synagogue.

Café society
Young, cell-phone-toting Hungarians wearing suits can be seen relaxing in the numerous bars on Ferenc (Franz) Liszt Square. It's a good time to have a drink in an authentic Hungarian café. A coffee-house culture thrived in Budapest at the turn of the century, and some establishments have survived. The Muvezs, for example, has not been restored. That's part of the charm: its Old World elegance lingers in this fast-changing city.

The Café Gerbaud, also worth a visit, has been restored. And the Café & Restaurant New York is positively opulent.

At the end of a day spent sightseeing, more ways to relax are in store. Business travelers like the Kempinski Hotel because of its central location and work-friendly amenities. At the Marriott, every guest room has a view of the Danube. The Marriott's champagne brunch is a popular Sunday activity. The Hilton, located in the castle district, is built around the remains of a convent; in summer, concerts are held in the courtyard.

Those who seek historical surroundings might choose the Hotel Gellert, a graceful old building that also houses one of the city's most famous thermal baths. It has hallmarks of old European hotels such as high ceilings and sweeping staircases. Some of the rooms were renovated recently. ●

"HUNGARY: TRADITION AND HOSPITALITY" was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITER: Theresa Agovino, based in Budapest.
PROGRAM DIRECTOR: Bill Mahder.

PERFORMING ARTS ARE FLOURISHING IN AND OUT OF BUDAPEST

The entertainment scene covers everything from a hot avant-garde opera to a cool jazz festival. March is an especially busy month for festivals.

Hungary's State Opera House is said to have acoustic quality that is among the best in the world. Even if one's ears are not sophisticated enough to hear it, the eyes can see that this is a labor of love. Magnificent frescoes, a mammoth chandelier, wide marble staircases and fabric-covered walls decorate the 114-year-old building that was the pet project of Ferenc Erkel, one of Hungary's most famous composers.

Not far away is the Ferenc (better known as Franz) Liszt Music Academy. This less opulent but still grand venue was named after Hungary's most famous composer, teacher and musician.

About a 10-minute walk away is Kodaly Korond, an intersection in Andrássy Ut, Budapest's poshest boulevard. Zoltan Kodaly was another of Hungary's music masters.

The country clearly reveres its musical history. Every day there is at least one classical concert in Budapest. But classical music is only one part of Hungary's cultural heritage.

"There are many aspects to our culture," says Judit

Dergacs, promotion director of the Hungarian National Tourist Office. "There is so much variety."

In Budapest alone, there are 200 museums, 40 theaters, seven concert houses, two opera houses and countless private art galleries. Next month, the Hungarian House of Photographers will open, as will Triffo, a center dedicated to contemporary music and dance. In the year 2000, a new national theater will open in the center of Budapest.

Festivals galore

No matter when visitors come to Hungary, there always seems to be a cultural festival going on. The Budapest Autumn Festival stretches from Oct. 16 to Nov. 1 and features contemporary music, art and dance.

"This represents an opportunity to see more experimental forms of art," says Andrea Koch, marketing manager of the Budapest Festival Center.

One of the highlights of this festival will be the staging of Le Grand Macabre, an avant-garde opera that has earned acclaim abroad but has not been staged in Hungary — even

though its composer, Gyorgy Ligeti, was born there. An exhibit on a 1970s poet and writer, Miklos Erdelyi, is expected to draw many people.

The festival center is getting ready for the holiday season. The organizers will create an "alpine village" where people can shop and enjoy music and dance performances.

Gala ball

On New Year's Eve, a masquerade ball and concert will take place at the Opera House. The year kicks off with an operetta gala featuring the waltzes of Strauss and Mozart.

Cultural activities are not restricted to Budapest. Every February, the western town of Győr hosts a Baroque Ball; in March, a two-week festival features a variety of performances, including one by the city's noteworthy ballet company. The southern cities of Szeged and Pecs also have accomplished ballet companies.

Jazz fans might want to visit Hungary in March. The western city of Debrecen hosts a jazz festival in the middle of the month, and the southern city of Keszthely holds its Bohemian Ragtime and Jazz Festival at the end of March.

Budapest's famous Spring Festival is also held in March. During the last two weeks, over 200 events will be held in 50 to 60 locations. Events are still being planned, but the London Philharmonic Orchestra is already slated to perform. ●

1999 IS 'THE YEAR OF THE PALATE'

Gourmets will blossom in the home of goulash, rum-soaked cakes and "liquid velvet" wine.

It is mid-September, and red is the dominant color in the southern Hungarian city of Kalocsa. Paprika season is in full bloom and the shiny red pods are everywhere: sprawled in the fields, piled on flat-bed trucks, festooned on the sides of homes.

Paprika is synonymous with Hungarian cuisine, and the locally grown spice is widely considered the world's best. It is the key ingredient in internationally recognized dishes such as chicken paprika. But few non-Hungarians realize that paprika seasons more than the usual dishes; it is just one ingredient in a diverse cuisine that includes soups, fish, game, goose liver and much more.

Well-kept secret
People outside Hungary might also be unaware that the country is home to some excellent wines. Hungarian wines sold abroad were traditionally not of the best quality. The best vintners did not produce enough to export, and they did not invest enough in international marketing. Now, however, the wines are becoming better appreciated abroad, and they

have earned a good reputation in wine competitions.

In Hungary, visitors can enjoy a wide variety of full-bodied reds, crisp whites and world-class dessert wines. The best ones can often be tasted at the cellars on the property of small vintners.

"There is a difference between what is exported and the wines people can try here," says Anita Talos, managing partner of the Budapest Wine Society.

Visitors to Hungary in 1999 will have an unprecedented opportunity to sample the country's food and wine. Next year has been designated "The Year of the Palate." The Hungarian National Tourist Office is sponsoring tastings, festivals and cooking competitions all over the country.

"It is always a nice idea to taste the food and wines of the same region [together]," says Kalman Kozma, manager of Gundel, a top restaurant in Budapest.

Lake Balaton, a popular tourist destination, is one place to try the country's lesser-known fish dishes as well as some of its white wines. The Badacsony re-

gion on the north shore is known for its Olasz Riesling and local varieties, which complement dishes like goulash, pork-perch and paprika catfish.

Ball with beer

The Eger region in northeastern Hungary is famous for "Ball's Blood," a blend of several red wines. Again, some luckster exports have kept the high quality of this Hungarian standard a secret. Mr. Talos says that several vintners produce excellent versions of the hearty red that can be found at better restaurants and wine cellars. It's good with game dishes from

the same region, such as wild boar in wine sauce.

Louis XIV's libation

No one should leave Hungary without trying its most famous wine, Tokaji Aszu. Louis XIV and Beethoven sing the praises of this sweet dessert wine. One sip shows why: It tastes like liquid velvet. Tokaji might be too rich to accompany some of Hungary's buttery desserts like Somloi, a rum-soaked cake topped with chocolate and whipped cream, or the various flaky strudels. Don't miss either the dessert or the dessert wine. But do take a break in between. ●

HEALTH & BEAUTY, HUNGARIAN-STYLE

Spas help travelers keep body and soul together.

No matter where you are traveling, the side effects of touring churches, museums and architectural sites are the same: aching feet and sore muscles. But few destinations can top Hungary when it comes to offering the perfect antidote for weary voyagers.

Hungary has more than 400 natural springs that offer delightfully warm, mineral-rich waters to rejuvenate body and soul.

While visitors can enjoy the spas in Budapest, some of the more interesting baths lie outside the capital. In the southeast city of Gyula, for example, the baths are set in a lush park opposite a 16th-century castle. The water in the northeast town of Miskolc is submerged underground in caves.

Medicine meets aesthetics

Probably the most enchanting spa in Hungary is located in the western town of Hévíz. Here lies the second-largest thermal lake in the world. Its slightly radioactive, sulfur-rich waters are famous all over the world as a treatment for rheumatism and arthritis.

Many visit the lake for medicinal purposes, but many others come solely for the spa's aesthetic dimension.

The bathhouse is a brown, wooden Transylvanian-castle-style structure, and in spring and summer the lake is blanketed with lily pads. Together, they create a fairy-tale ambience.

In the winter, the contrast between the warm water and cold air at Hévíz creates a distinctive mist. The water in winter stays between 26 and 30 degrees C. (79-86 F.).

Added value

"The lake is unique," says Hans Peter Schroes, general manager of Róger Hotel Lotus Terme. "The thermal water is special, and the town has a 200-year spa tradition."

Like other hotels in Hévíz, the Róger pumps the lake's water into its pools. The hotel adds value with massages, facials and other services to enhance the bathing experience.

"The more we know about health, the more we know that the best ones and prevention are natural ones," says Mr. Schroes. "People who come here relax, enjoy the atmosphere and get excited about natural health." ●

HUNGARIAN TOURIST OFFICES ABROAD

AUSTRIA
Opening 3-5/Top. 8
1010 Vienna
Tel.: (43 1) 585 2012
Fax: (43 1) 585 201221

FRANCE
140 avenue de Victor Hugo
75116 Paris
Tel.: (33 1) 5370 6717
Fax: (33 1) 4704 8357

GERMANY
Berliner Strasse 72
60311 Frankfurt am Main
Tel.: (49 69) 9291 190
Fax: (49 69) 9291 1918

ITALY
Via Alberto da Guisano 1
20145 Milan
Tel.: (39 02) 4819 5434
Fax: (39 02) 4801 0268

UNITED STATES
150 East 58th St., 33rd Floor
New York, NY 10155-3398
Tel.: (1 212) 355 0240
Fax: (1 212) 207 4103

SWEDEN
Björger Järstegen 22
11434 Stockholm
Tel.: (46 8) 2040 40
Fax: (46 8) 611 7647

SWITZERLAND
Stampfenbach Strasse 78
8035 Zurich
Tel.: (41 1) 361 1414
Fax: (41 1) 361 3939

THE NETHERLANDS
Postbus 91644
2509 The Hague
Tel.: (31 70) 320 9092
Fax: (31 70) 327 2833

UNITED KINGDOM
46 Eaton Place
London SW1X 8AL
Tel.: (44 171) 823 1032
Fax: (44 171) 823 1459

OPEN DOORS. OPEN HEARTS. OPEN MINDS. Visitors to Hungary



experience friendliness and cordial hospitality all along, also when they wish to get acquainted with the treasures of Hungarian culture. The homeland of Zoltán Kodály, the world famous composer and teacher of music, is called deservedly the

country of Festivals: art celebrates its festive days here throughout the year. It is not easy to choose from the rich cultural programmes offered: beside the comprehensive range of programmes of the Spring and Autumn Festivals, various branches of art go on parade. The list includes the Folklore and Old Crafts' Festival, organ concerts, an Opera and Ballet Festival, open-air performances, medieval games, theatres, museums and galleries. Alongside these events, the traveller may admire the wonderful historic monuments of the country. Hungary does not only offer you a vacation rich in cultural experience — wherever you come from, you will encounter heartfelt Hungarian hospitality, too.

Did you know that it was a Hungarian who taught almost the whole world to sing?



WORLD ROUNDUP

Is Arsenal Next?

SOCCER First Manchester United, now Arsenal. Maybe. One day after United's board accepted a record \$1 billion bid from Rupert Murdoch's British Sky Broadcasting Ltd., the Arsenal soccer club said it was considering a possible buyout by another television broadcaster.

In a joint statement, Arsenal and Carlton Communications PLC, Britain's largest nonsatellite TV concern, said they were holding "very preliminary discussions" on ways of working together.

"These talks are too preliminary in nature to assess the probability of any outcome," the statement said. "One possible outcome could be an offer being made by Carlton for Arsenal."

League Stars Honored

SOCCER Alan Shearer of Newcastle United and Les Ferdinand of Tottenham Hotspur were the only English players among the six stars named Thursday as original members of the Premier League Hall of Fame.

The French star Eric Cantona, formerly of Manchester United, led the international quartet, which also included his former United teammate, the Danish goalkeeper Peter Schmeichel. The Italian striker Gianfranco Zola of Chelsea and the Dutch striker Dennis Bergkamp of Arsenal also were honored.

The selection panel, which included Geoff Hurst and Bobby Charlton, members of England's 1966 World Cup championship team, picked one player from each of the six years since the Premier League was created in 1992.

The Hall of Fame is scheduled to open in March. The six players selected by the panel as inaugural members are to be joined by six players selected by the public in a telephone poll.

Redskins on the Block

FOOTBALL The Washington Redskins are officially for sale. Jack Kent Cooke's estate announced Wednesday that it was accepting bids for the late millionaire's franchise and the year-old, \$1.16-billion stadium named for him.

The Wall Street firm Morgan Stanley Dean Witter, which is handling the sale for the estate, made the announcement one day after the expansion Cleveland Browns cost their new owner, Alfred Lerner, \$530 million — the most ever paid for an American sports franchise.

About \$54 million of that amount will go toward a publicly-built stadium in central Cleveland.

The estate waited for the Cleveland transaction because it wanted to use the selling price for the Browns as a measure of what an NFL franchise is worth.

Sources said the trustees administering Cooke's estate believe the Redskins franchise, without the stadium, should sell for a price equal to, or higher than that paid for the Browns.

Yankees Beat Boston And Win the AL East

Clinching Is N.Y.'s First on the Road Since '78

By Buster Olney
New York Times Service

BOSTON — Ball in hand, the catcher Jorge Posada waited on the mound for the Yankees' closer, Mariano Rivera, to jog in from the bullpen. With the Yankees three outs from a division title, the visitors' dugout was overflowing with players poised to run on the field and celebrate a summer of excellence.

"Let's finish this," Posada said to Rivera, pounding the ball into the pitcher's glove. "Let's do this right now."

And when John Valentin grounded

out to complete the Yankees' 7-5 victory over the Red Sox on Wednesday night, first baseman Tino Martinez thrust an arm into the air and the Yankees celebrated, more than they probably thought they would, after running away with the American League East.

AL Roundup

The last time the Yankees clinched a division championship on the road, on Oct. 2, 1978, a light hitter named Bucky Dent played shortstop. Dent lofted a three-run homer here in the one-game playoff that day, and the Yankees went crazy, wildly shouting in the eerie silence of Fenway Park, at the end of a memorable race. This was not quite so suspenseful.

The Yankees are 102-41 and lead the Red Sox by 20½ games, matching the biggest lead in club history, set in 1941. The Yankees clinched on the earliest date in their history since the advent of division play in 1969. The '41 Yankees clinched the American League pennant on Sept. 4.

"This is our goal; we wanted to win the AL East," shortstop Derek Jeter said. "We can celebrate for a day, but our goal is to win the World Series."

Said Joe Torre, the Yankees' manager: "Everybody realizes you can only get just so excited with this. But we can take a day and enjoy this."

The Yankees lost their first three games of the season, prompting an intense team meeting in Seattle before a game against the Mariners April 7. The Yankees won that night and won 21 of the 23 games that followed, launching themselves into the record books. In winning their seventh East Division title, the Yankees are on a pace to win 116 games and match the major league single-season record for victories.

Their inevitable clinching celebration nearly was postponed another night, even after they took a big early lead.

The Yankees exploded against Tim Lincecum, Boston's knuckleballing starting pitcher. Jeter bashed a 418-foot (127-meter) home run to center in the first inning, and two innings later he slugged another, to about the same spot but not quite as far. The Yankees added three more runs in the fourth inning, making their lead 5-0.

But the New York pitcher, Orlando Hernandez, started picking at the corners and walked a couple of hitters, and suddenly Scott Hatteberg ripped a monstrous grand slam, cutting the lead to 5-4.

Paul O'Neill blasted home runs in the fifth and eighth innings, however, and

Posada found himself waiting on the mound for Rivera.

In other games, *The Associated Press* reported:

Rangers 8, Royals 0 Aaron Sele (18-10) won his fifth straight start and Lee Stevens hit a three-run homer as host Texas won its third straight. The Rangers, 8-3 against Kansas City this year, had 14 hits, including a season-high seven doubles.

Sele allowed five hits in seven innings, walked one and struck out seven, five of them looking.

Pat Rapp (11-12) lasted just 2½ innings, his shortest outing since April 25. **Orioles 6, Athletics 2** In Oakland, Roberto Alomar hit a three-run homer and Brady Anderson hit a solo shot as Baltimore won its second straight following a 3-7 stretch.

Juan Guzman (10-14) allowed both runs and six hits in five innings, and Jimmy Key, Alan Mills and Jesse Orosco followed and combined on one-hit relief.

A's starter Jimmy Haynes (10-8) gave up all six runs — four earned — and eight hits in 5½ innings.

Mariners 5, Devil Rays 2 In Seattle, Paul Abbott (1-0) won his first start in five years and Ryan Radmanovich hit his first major league home run.

Ken Griffey Jr. went 1-for-4 and remained at 50 home runs. Alex Rodriguez was 2-for-4 and stole his 41st base but remained one homer shy of becoming the third 40-40 player in major league history.

Abbott (1-0), allowed two runs and six hits in 5½ innings. Mike Timlin got three outs for his 14th save.

Tigers 3, White Sox 0 Luis Gonzalez hit a two-run triple in a five-run second inning, stopping host Chicago's four-game winning streak.

Joe Mauer drove in three runs with a pair of RBI singles and a run-scoring sacrifice as the Tigers won for only the second time in their last eight games.

Seth Greisinger (5-8) won for the fourth time in five starts, giving up four runs and nine hits over six innings. Mike Siroka (12-14) allowed seven runs and nine hits in three innings.

Indians 6, Blue Jays 3 In Toronto, Travis Fryman hit a three-run homer off Carlos Almanzar (1-2) in the 13th inning, stopping Toronto's 11-game winning streak. The Blue Jays remained 4½ games behind the Red Sox in the AL wild-card race.

Toronto's Alex Gonzalez struck out six times, tying the major league record for strikeouts in an extra-inning game.

Doug Jones (1-2) pitched two scoreless innings, and Mike Jackson got three outs for his 37th save.

Angels 10, Twins 8 Jim Edmonds singled and doubled to drive in three runs during a nine-run third inning that put host Anaheim ahead, 10-2.

Garret Anderson singled twice and drove in two runs in the inning, and Tim Lincecum hit a two-run homer as Anaheim remained two games ahead of second-place Texas in the AL West.

Ken Hill left in the second after he was grazed on the fingers by a liner up the middle, but the injury to his right hand was not believed to be serious.



Yankees' third baseman Scott Brosius, left, exchanging high fives with first baseman Tino Martinez after the team clinched its division in Boston.

Tired, Hitless McGwire Can't Rescue Cardinals

The Associated Press

One day after hitting his record 62d homer, a tired Mark McGwire went 0-for-2 in the Cardinals' 6-3 loss to the Reds in Cincinnati.

McGwire, who got little sleep the previous night after breaking Roger Maris' record in St. Louis, grounded out and flew out before leaving the game.

ML Roundup

He tossed a ball and both batting gloves to fans behind the Cardinals dugout before heading for the clubhouse.

When he came to the plate in the first inning, he backed away three times and waved as the crowd of 51,969 gave him a standing ovation that lasted for more than a minute.

Bret Boone ended an 0-for-24 slump by hitting a solo homer and a three-run shot for Cincinnati off the emergency starter Bobby Witt (2-5), while J.D. Drew of St. Louis homered in the eighth for his first major league hit.

Cubs 4, Pirates 2 In Chicago, Sammy Sosa failed to homer for the fourth straight game, but Mark Grace hit a three-run shot as Chicago beat Pittsburgh.

Sosa went 0-for-3 and remained stuck with 58 homers, four behind McGwire. Jason Schmidt (11-11) walked Sosa in his first at-bat, and Grace followed with his 15th homer.

Sosa grounded sharply to third base in the second inning, bounced to second base in the fifth, then struck out in the eighth against Jason Christensen.

Mets 6, Phillies 2 In Philadelphia, Armando Reynoso took a shutout into the ninth inning as the New York Mets beat Curt Schilling and remained tied with the Cubs for the NL wild-card lead.

Reynoso (7-1) left after Scott Rolen's two-run homer, his 28th of the season. He gave up six hits in eight-plus innings, struck out seven and walked one. Dennis Cook got two outs, and John Franco finished for his 34th save.

Schilling (14-13) allowed three runs and 10 hits in six innings.

Expos 3, Braves 2 Chris Widger hit a leadoff homer in the ninth inning as Montreal handed visiting Atlanta its eighth loss in 10 games. Widger connected off John Rocker (1-3) for his 15th homer of the season.

Ugueth Urbina (5-3) struck out three straight batters in the ninth as the Expos won for the fourth time in five games.

Astros 6, Brewers 2 In Houston, Jeff Bagwell homered for the second straight game as the Astros won their fifth in a row.

The victory moved the Astros one game ahead of the Atlanta Braves for the best record in the National League, which gives a team home-field advantage for the first two rounds of the playoffs.

Bagwell, who went 3-for-3 with a grand slam and six RBIs against Cincinnati on Tuesday, had an RBI double in Houston's four-run first and led off the third inning with his 32d homer of the season.

Moya Masters Gustly Winds And Larsson To Gain Semis

The Associated Press

NEW YORK — Carlos Moya solved the tricky winds in Arthur Ashe Stadium and the big baseline game of Magnus Larsson on Thursday to win a place in the men's semifinals at the U.S. Open.

With his serve never seriously threatened in the surprisingly quick quarterfinal, the 10th-seeded Spaniard eliminated his Swedish opponent, 6-4, 6-3, 6-3.

In the semifinals Saturday, Moya will face the winner of the last quarterfinal played on Thursday night between Thomas Johansson of Sweden and the

U.S. Open Tennis

big-serving Mark Philippoussis of Australia.

The other semifinal pairing was decided Wednesday when the defending champion Patrick Rafter, the No. 3 seed, downed No. 12 Jonas Bjorkman, 6-2, 6-3, 7-5, and the top-seeded Pete Sampras beat No. 9 Karol Kucera, 6-3, 7-5, 6-4.

The women are to play their semifinals on Friday when No. 1 Martina Hingis meets No. 3 Jana Novotna and No. 2 Lindsay Davenport faces No. 5 Venus Williams.

Larsson may have been hampered by an injury on Thursday. He repeatedly grabbed his back throughout the match, usually after taking a hard swing or stretching for a shot, and appeared not to be moving as easily as he had earlier in the tournament. But it was Moya's powerful game, not back problems, that ended Larsson's bid for the year's final Grand Slam tournament title.

With the exception of a few scattered points in the bright sunshine, it was Moya, quick and nimble around the net and remarkably accurate from the baseline, who dictated play.

Moya didn't blow Larsson off the court with a huge game. It was much more subtle, with one service break in each set. When it was over, Moya had made only 15 unforced errors compared with 41 by Larsson.

Sampras is going for a record-tying 12th Grand Slam tournament title while Williams is seeking her first. Both mastered swirling winds on Wednesday and stayed on course with surprisingly easy victories.

"With the conditions, it wasn't fun to play," Sampras said. "Wasn't the best of tennis. I got through it. That's the main thing."

Williams needed three sets to get past Arantxa Sanchez-Vicario, who added a hyphen to her last name and a third French Open title this year. But after dropping the first set, Williams, a finalist last year in her U.S. Open debut, had no problem winning, 2-6, 6-1, 6-1.

Davenport gained a semifinal berth by pounding No. 13 Amanda Coetzer, 6-0, 6-4.

Sampras gained a measure of revenge against Kucera, who beat the world's top player in the quarterfinals at this year's Australian Open. "I always remember my losses," Sampras said. "He picked me apart down in Australia. I was probably a little bit more on my toes tonight than I was in Australia."

Sampras presented too many problems for Kucera. The top seed had 13 aces and 48 winners, compared with 27 winners for the Slovak who had eliminated Andre Agassi a day earlier.

With two more victories in this tournament, Sampras would tie Roy Emerson with 12 Grand Slam singles crowns. He would also match the five U.S. Open titles won by Jimmy Connors.

CROSSWORD

ACROSS

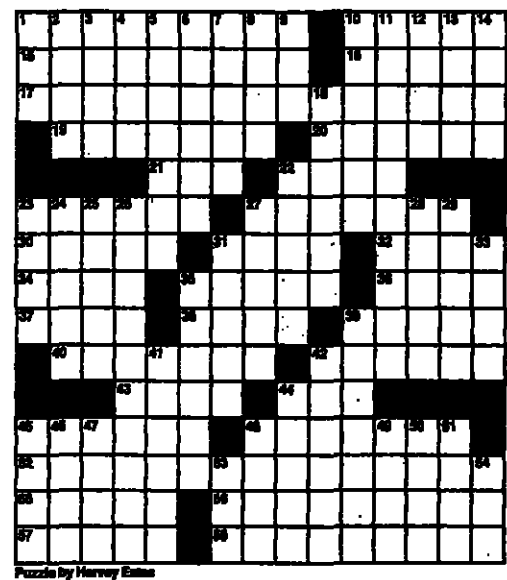
- 1 Like major channels
- 10 Term under 18
- 14 "Waterworld" girl
- 17 Singles bar acquisition
- 18 Notwithstanding
- 20 Texas college or its locale
- 21 Kind of agent
- 22 Spoon handle
- 23 Upright
- 27 Dismissed
- 28 Palm Springs and others

DOWN

- 2 Like some forces in the Balkans
- 3 Range
- 4 Eastman invention
- 5 Bank deposit, e.g.
- 6 Against
- 7 Relative diagram
- 8 Dutch
- 9 1996 Green Party candidate for President
- 10 Quarterback known as "The Snake"
- 11 Completely new
- 12 Dudley Do-Right's love

DOWN

- 1 Actor Pendleton
- 2 Shot one
- 3 Foul
- 4 April 13, e.g.
- 5 Rainbow fish
- 6 Pate Fournain collaborator
- 7 Firm
- 8 Moon over my arm?
- 9 Abilene-to-Waco air
- 10 Quarreled bitterly
- 11 Merry a tribute title
- 12 Wealthy Londoners
- 13 Round in the pub
- 14 Olympic skier
- 15 Knickknack
- 16 Pillow material



© New York Times/Edited by Will Shortz

Solution to Puzzle of Sept. 10

ACROSS
1 RAIN
10 TARD
14 TALL
17 BARS
18 NOTWITHSTANDING
20 TEXAS
21 AGENT
22 SPOON
23 UPRIGHT
27 DISMISS
28 PALM SPRINGS

DOWN
2 BALKANS
3 RANGE
4 EASTMAN
5 BANK
6 AGAINST
7 RELATIVE
8 DUTCH
9 GREEN
10 QUARTERBACK
11 COMPLETELY
12 DUDLEY
13 RICH
14 SKIER
15 KNUCKLE
16 PILLOW

INTERNATIONAL FUNDS LISTING
Track the performance of over 2,400 international funds, every day, on the IHT site on the World Wide Web.
<http://www.ihf.com>



Pete Sampras of the United States hitting a backhand return in his match against Karol Kucera of Slovakia. Sampras advanced to the semifinals.

LIVE - Athletics World Cup
tune in today 16.00 (CET)

EUROSPORT

Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite

POSTCARD

Furor Over Anne Frank

By Ralph Blumenthal
New York Times Service

NEW YORK — More than 50 years after they were written in a secret refuge from the Nazis, long-suppressed pages from the diary of Anne Frank have given her story a new twist and set off a furor over exploitation of one of history's top best-sellers, only recently republished in a supposedly "definitive" edition.

In the new-found entries — actually five pages of diary revisions censored by Anne's father, Otto Frank — Anne picks apart her parents' strained marriage, analyzes her own difficult relations with her mother, Edith, and vows to keep the diary out of her family's hands as "none of their business."

"For a woman in love it cannot be easy to know that she will never occupy the first place in her husband's heart, and mother knew," Anne says. "Father appreciates mother and loves her, but not with the kind of love that I envisage for a marriage."

As for her diary — which became one of the world's best-known books, published in 56 languages — Anne says, "I shall also take care that nobody can lay hands on it."

The pages augmenting the diary were given last year to Melissa Muller, an Austrian journalist researching the first biography of the Jewish girl in Amsterdam who put an indelible human face on the Holocaust.

But in another peculiar twist, Muller, 31, is now seeing her new book, "Anne Frank: The Biography" (Metropolitan Books), come out with paraphrases and selected quotes from the unpublished material while plans are being advanced for updated editions of the diary to contain the new material in full.

In a measure of how intense the maneuvering has become, an Amsterdam paper, Het Parool, published the disputed segments last month and posted them on its Web page on the Internet.

"For me this is terrible," Muller said in a series of telephone interviews amid a crossfire of recriminations. At issue are diary revisions written by Anne as she and her family hid from the Germans over Otto Frank's warehouse.

The missing entries, which were hinted at in a scholarly version of Anne's diary published in 1986, were supplied to Muller by Cornelis Suijk, international director of the Anne Frank Center USA in Manhattan and an intimate of Otto Frank. Suijk, a 74-year-old economist and Dutch government auditor with 33 years of affiliations with Anne Frank organizations in Amsterdam and the United States, said Frank had given him the pages shortly before his death at 91 in 1980, during a German police inquiry aimed at authenticating the diary in the face of neo-Nazi claims it was a forgery.

By Suijk's account, Frank wanted to be able to say honestly that he no longer had any diary material in his possession, without revealing anything potentially embarrassing to him or his second wife, Fritzi, whom he had married in 1953.

"We knew that something was missing but we had no idea who had it," said Bernd Elias, Anne's cousin and last living relative and chairman of the Anne Frank Fonds, or foundation, in Basel, Switzerland, which holds the copyright on the diary and receives the revenue from publication.

The pages themselves are being claimed by the Netherlands State Institute for War Documentation, to which Otto Frank bequeathed custody of the diary. It has asked Suijk to turn them over, but he is claiming a onetime publication right of his own under Swiss law. He has also sought a sponsor to buy the pages to raise money for his Anne Frank Center in New York.

Elias said it was "absolutely illegal" for Suijk to have given the pages to Muller. Suijk, in turn, faulted the foundation for amassing what he said was at least \$20 million in royalties from the diary without properly sharing them with Anne Frank causes around the world, including his center, which runs education programs on the Holocaust.

Muller said the Swiss foundation was initially enthusiastic about her findings and only withdrew support after she declined to submit her manuscript for review. Her biography also includes new information that for the first time points a strong finger of suspicion at a cleaning woman, Lena van Bladeren Hartog, now dead, who may have tipped off the Germans to the Jewish families in hiding.

Muller said she learned in June that she would not be given permission to quote the new material in her book, a decision she attributed to commercial considerations and to a misguided effort to protect Otto Frank. "It's not terrible that a 36-year-old man may have had an earlier love," she said. Besides, she added, "I don't care what their marriage was like. I care about the relationship of mother and daughter."

'We knew something was missing but we had no idea who had it.'

'It's not terrible that a 36-year-old man had an earlier love.'

At Auction, the Secret Life of Dora Maar

By Alan Riding
New York Times Service

PARIS — Pablo Picasso's reputation for wrecking the lives of the women who loved him was in no small measure shaped by the way he treated Dora Maar, the Surrealist photographer who was his mistress and muse for nine years until he dropped her for the younger Françoise Gilot in 1944.

The fact that he used her as the model for his "Weeping Woman" portraits only added to her aura of tragedy. He even persuaded himself that she was the weeping woman. "I could never see her, never imagine her, except crying," he once remarked.

For her part, in the decades that followed their separation, Maar embraced to the full her role of jilted paramour. She suffered frequent bouts of depression, spoke bitterly of Picasso's cruelty, turned to religion and in the end became a recluse.

Yet she never broke free from Picasso. She turned her Left Bank apartment into a shrine to their affair, filled with relics in the shape of paintings, drawings, books, photographs, sculptures, jewelry and tiny carvings that he made for her. It was, she told friends, her "private museum."

By the time she died in a Paris hospital on July 16, 1997, at the age of 89, she had become a long-forgotten footnote in the life of a great artist who had himself died 24 years earlier. It was 10 days before Le Monde even discovered and announced her demise. Many who knew her place in Picasso's biography were surprised she had lived so long. Only a handful of friends attended her funeral.

Yet if overlooked in the second half of her life, Maar has awakened great interest in death because she left one of the last important Picasso collections still in private hands outside the artist's immediate family. Its 10 paintings, which were catalogued in the late 1940s, include seven portraits of Maar, including one of four known oils of her as a "Weeping Woman." The drawings are also mainly portraits of Maar, including the passionately erotic, large colored work "Dora Maar and the Minotaur." Scores of anecdotal objects, like tiny portraits carved on pebbles or painted on tiny medallions, make the collection even more unusual and personal. Taken together, the works assume an almost anthropological character.

While breaking no new ground on Picasso the artist, they do throw fresh light on Picasso the man. Even as he continued to see an



Dora Maar with one of her own works, which she painted sometime in the 1950s.

earlier mistress, Marie-Thérèse Walter, he was announcing his love for Maar through his art. Paintings like "Dora on a Beach," where her hair blows wildly in the wind, and drawings like "Portrait of Dora Maar Asleep" show a warmth and tenderness toward the beautiful dark-eyed photographer that bear no resemblance to how he chose to remember her years later.

Of course, after Maar's death, the unsentimental question that really interested the art world was what would become of the collection. The answer was unclear. Born Theodora Markovitch in Tours in 1907, Maar never married, had no children or apparent heirs and left no will. If no heirs could be traced, everything she owned would revert to the French government.

In France, however, genealogists make a business of finding heirs when no one comes

forward to claim a legacy. Their cut varies from 15 percent to 40 percent of the value of the estate, depending on the family relationship and the sum of money involved. But without them, the heirs would get nothing and the government would get all.

In the case of Maar, whose mother was French and whose father, a Paris-based architect, was from the Balkan region that later became Yugoslavia, two genealogists each found a distant relative, one in France and one in the former Yugoslavia. Neither heir has been identified, but their claims have been sufficiently proved before notaries to permit the selection of two French auction houses, Piasa and Jean-Jacques Mathias, to oversee the sale of Maar's entire estate this fall.

"The Picassos of Dora Maar" auction is to be held in the Maison de la Chimie in Paris on Oct. 27, 28 and 29, with the most valuable

part of the 143-lot collection — the 10 paintings and 50 drawings — to be offered Oct. 27. Some 58 items from this collection will be exhibited in New York at the Phillips Fine Art Auctioneers and Appraisers on Sept. 26, 27 and 28. Three subsequent auctions at the Hotel Drouot in Paris on Nov. 20 and 26 and Dec. 7 will handle Maar's own photographs, drawings, paintings and furniture.

The Picasso works alone are expected to fetch more than \$25 million, although 60 percent will go to the French government in death duty before the genealogists take their share, which in this case is expected to be 35 percent to 40 percent.

"She was not rich, but she sold nothing," said Lucien Solanet, a partner in Piasa. "That's why we have everything. If we were selling 10 paintings, it would not be the same as selling an entire slice of life between 1936 and 1945. It's like a time capsule."

Last October, François Lorenceau, an expert hired to appraise the collection, was in the first group to visit Maar's apartment at 6 Rue de Savoie since her death. Picasso's paintings and drawings had been removed to a bank vault for safekeeping before the apartment was sealed in July 1997, but nothing else had been touched.

"Only her body had been taken out," he recalled, "but everything was there, a frying pan, her slippers, her medicine. She had many religious objects, like prayer books and crosses. There were lots of empty suitcases. In her studio, there were cans of paint, brushes and canvases. Her own paintings were still there. There was a cupboard full of books and photographs. It looked like a very crowded workshop."

The Picasso collection has now been organized: The paintings and drawings, which had been kept in large folders, have been framed and in many cases given names ("Head of a Woman," for example, has become "Dora Maar With Green Fingernails"); and all the scraps of paper, stones, bones, cheap rings, bits of wood and the like that Picasso turned into art have been photographed and classified. Seen together during a recent visit to Piasa's office and a nearby bank vault, the collection has the coherence of a tightly wrapped memory.

"What's important to me is that no matter the quality of the piece, you feel the emotion in the work," said Marc Blondeau, an art broker in Paris who was hired as a consultant by the two French auction houses. "They're full of feeling, full of life."

PEOPLE

IN a Hollywood-style finish, the "Free Willy" star, Kelko, returned home to the waters of Iceland on Thursday after 19 years in captivity and a brief career as a movie star. "He's fine. It was an absolutely smooth trip. The staff is euphoric!" said Diane Hammond, spokeswoman for the Free Willy Kelko Foundation, which owns the whale and is orchestrating his homecoming. A specially equipped Air Force C-17 carrying the world's most famous killer whale touched down at Heimaey airport at about 9:57 A.M. after an eight-hour flight from Oregon. Kelko's container was loaded onto a flatbed truck bearing a "Welcome Home Willy" banner. The truck began a slow journey three miles across town to the waterfront, where the killer whale was to be loaded onto a barge and taken to an open pen in a protected cove. In his sea pen, Kelko will be reintroduced to the sights and sounds of his native waters. The goal is to set him free — if handlers think he's ready.

A woman who says she co-wrote the hit Broadway musical "Rent" with Jonathan Larson has settled her lawsuit against his estate for an undisclosed amount of money and credit on the playbill's title page. Lynn Thomson claimed she had written the play with Larson, who died from an aortic aneurysm on Jan. 25, 1996, the day the show was to open in previews off-Broadway. She had filed two lawsuits.

Tommy Lee, convicted of spousal abuse for kicking his

wife, Pamela Anderson Lee, has been released from jail early for good behavior after serving less than four months of a six-month sentence. The Motley Crue drummer will be on probation for three years. He must donate \$5,000 to a shelter for battered women, avoid drugs and alcohol, stay at least 100 yards away from his wife, attend anger-management classes and undergo random drug tests.

For the next two weeks, the Champs-Élysées in Paris is playing host to an air show, which was being inaugurated Thursday by President Jacques Chirac. Lined up on both sides of the avenue, about 50 "flying machines" are on view until Sept. 27 to celebrate a century of aviation history. "Champs d'Aviation" focuses on the conquest of the air and of space.

With a host of Hollywood stars and a slate heavy with offbeat, independent films, the 23rd Toronto International Film Festival was set to kick off on Thursday. A shortage of hotel rooms and a strike by Air Canada pilots plagued organizers, however, as they prepared to screen 311 films from 53 countries. This year the festival will feature Tom Cruise, Neve Campbell, Ben Stiller and Meryl Streep. At the same time, much of the festival's lineup will consist of offbeat and independent fare, including 83 films by first-time directors.



FLYING LOW — Eun Young Lee helping Thursday to hang 1,000 blossoms of silk paper created by Sangho Lee of South Korea for an exhibition in Hamburg of "Paper Art" by 62 artists from around the world.

(go down in history)

and use AT&T Direct™ Service. With the world's most powerful network, you get fast, clear, reliable connections from anywhere. Plus you'll always have the option of an operator who speaks your language. All it takes is your AT&T Calling Card or credit card, and you're well on your way. What an amazing culture we live in.

For easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.



| AT&T Access Numbers | | | | | |
|---------------------|---------------|-----------------|----------------|--------------------|--------------|
| Austria | 022-903-011 | Greece | 00-800-1311 | South Africa | 1-800-10 |
| Belgium | 0-800-100-10 | Ireland | 1-800-555-000 | Spain | 905-99-00-11 |
| Czech Republic | 00-42-900-101 | Israel | 1-800-94-94-99 | Sweden | 022-795-611 |
| Egypt (Cairo) | 510-0200 | Italy | 172-1011 | Switzerland | 0800-89-0011 |
| France | 0-800-99-0011 | Netherlands | 0800-022-9111 | United Kingdom A + | 0800-89-0011 |
| Germany | 0130-0010 | Russia (Moscow) | 735-5042 | United Kingdom B + | 0500-89-0011 |

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at: www.att.com/traveler



It's all within your reach.

Credit card calling subject to availability. Payment terms subject to your credit card agreement. Bold-faced countries permit country-to-country calling outside the U.S. Collect calling is available to the U.S. only. Country-to-country rates consist of the cost of a call to the U.S. plus an additional charge based on the country you are calling. You can call the U.S. from all countries listed above. *Pay phone deposit. *Limited availability. *Calling available to most countries. *Public phones require local coin payment during the call. *Dial 101 first, outside Cairo. Additional charges apply outside Moscow. © Use UK access number in Ireland. *If call does not connect, use 0800-013-0011. ©1998 AT&T

مكتبة الصلح